

NEWS: EUROPE

Kohl condemns Ozal over his 'Hitler' attack

By Quentin Peel in Bonn

RELATIONS between Germany and Turkey took a further sharp turn for the worse yesterday when Chancellor Helmut Kohl angrily denounced President Turgut Ozal for comparing his policy to that of "Hitler's Germany".

He issued a formal statement describing the Turkish leader's weekend interview as "unacceptable" and "completely incomprehensible".

At the same time the row over the alleged use of German-supplied armoured cars in Turkish actions against Kurdish civilians claimed its first victim in Bonn, with the sack of a senior defence ministry official.

Mr Gerhard Stoltenberg, the defence minister, who is facing demands for his own resignation, said that Mr Wolfgang Ruppelt, head of the ministry's armaments division, had taken personal responsibility for delivering 15 Leopard tanks to Turkey last year, after the German parliament imposed a ban on the trade.

The bitter confrontation between the two Nato allies has blown up with extraordinary rapidity, after Germany last week condemned the Turkish military actions against the Kurds, and suspended all arms supplies to the country.

President Ozal retaliated at the weekend with an interview with Turkish journalists, accusing Germany of behaviour "which corresponds to that of Hitler's Germany, although under different conditions".

"Germany regards itself since its unification as a super-

power," he said. "To prove that, it is interfering everywhere, which has certainly already been noticed in Europe. The difference with Hitler's Germany consists in the fact that today's Germany misuses its economic might, and continually tries out its threats. Germany will see in a very short time that it has chosen the wrong path."

Mr Kohl said the statements were "unacceptable in both tone and content". He had already declared his belief in the tradition of friendship between the German and Turkish peoples, and therefore particularly cultivated bilateral relations. He had also particularly worked for the "constructive development" of Turkey's relationship with the European Community, the statement said.

One reason for the particular vehemence of the Turkish reaction to German criticism is the perception that Bonn has been as adamant as any other EC member in blocking the country's application for EC membership, out of fear of a flood of future Turkish migrant workers.

In Germany, the use of German arms against the Kurds is a particularly explosive issue, coming on the eve of two key regional elections in Baden-Württemberg and Schleswig-Holstein next Sunday.

The German government has provided Turkey with military assistance worth DM5.5bn (\$1.92bn) since the mid-1980s, according to Bonn.

This included DM1.5bn worth in connection with the Gulf War - made up of 80 tanks, anti-aircraft weapons and ammunition.

EC unveils curbs on drugs advertising

By Paul Abrahams

RESTRICTIONS on direct advertising of pharmaceuticals to the public will be announced today by EC ministers, meeting as the Internal Market Council.

The restrictions are part of a larger package of measures to break down barriers to the free trade of pharmaceuticals within the EC.

The package, a compromise worked out with the industry since the first proposals last July, includes measures prohibiting misleading or unclear advertising for non-prescription over-the-counter drugs.

Pharmaceutical groups will also have to provide consistent and detailed information about the contents of packaging. Labels or inserts will have to describe ingredients and warn of possible side effects.

In addition, drugs companies will be forbidden to offer free samples to healthcare professionals. However, proposals to ban the sponsorship of doctors' conferences have been dropped following intensive lobbying.

Wholesalers will also be obliged to keep adequate records of stocks and set up emergency plans to withdraw products from the market.

The European Federation of Pharmaceutical Industries Associations, which represents the industry, was unavailable for comment.

Uniform technical standards for cars will be introduced across the European Community from January 1, 1993, under legislation to be approved by member states today, Andrew Hill writes from Brussels.

Danish referendum frays Brussels nerves

The first popular judgment on Maastricht is a close-run race, writes Hilary Barnes

AS MR Uffe Ellemann-Jensen, the country's foreign minister of the past 10 years, puts it: "Such is the Danish character that if we politicians tell them that they ought to do this and that, they will turn round and reply, 'That's for us to decide'."

And this is the attitude which the politicians are up against in the campaign to persuade the Danes to back the Maastricht treaty in the referendum to be held on June 2.

Maastricht has to be ratified by all 12 EC parliaments; if it fails in one, it effectively falls in all. Denmark will be the first to pass judgment on the treaty, thereby ensuring that the very first obstacle for Maastricht will also be one of the hardest.

It would have been safer tactics, say diplomats and officials in Brussels, if the Danes had delayed the decision so that countries like Belgium and Italy, where ratification is a foregone conclusion, could give them a lead.

Although parties representing 144 out of the 179 seats in the Folketing support European Union, opinion polls over the past month have shown

majorities against the treaty. However, it is too early to make any firm predictions: about a third of voters have yet to make up their minds.

This time, the issue is at once vague - "sale of Europe" - and exhaustively detailed. Mr Morten Jersild, whose advertising agency conducted a campaign for membership of the EC in 1972, was quoted as saying that trying to sell the Maastricht treaty to the public is "a hopeless task".

The price of the product is unknown, and so are the side-effects. If anyone asked us to inform the Danes ahead of the referendum in June we'd decline."

The grandiose vision of a European union holds little appeal for most Danes. Polls show that they attach great importance to maintaining the country's "Danishness" and right of self-determination.

They are sceptical of devolving sovereignty to Brussels, and larger proportions of the electorate than in other EC countries, including Britain, are against a common foreign or defence policy and against a common currency. A factor

which may contribute to a vote against Maastricht is the leadership dispute in the opposition Social Democratic Party, where the deputy chairman, Mr Poul Nyrup Rasmussen, has challenged the present chairman, Mr Svend Auken.

The contest will be decided at an extraordinary congress of the party on April 11. The SDP's internal problems are caused by widespread disillusion with Mr Auken's qualities as leader and have distracted the party from campaigning.

The SDP helped agree the Danish negotiating position for Maastricht and the party leadership is solidly behind the agreement which was reached. But there is a two-to-one majority against Maastricht among the party's supporters, according to opinion surveys.

Three of the eight parties in the Folketing are against Maastricht, the Socialist People's Party, which in its time was against Nato, EC membership, the right-wing Progress Party, and the centrist Christian People's Party, which is so badly split

that in a recent debate on Maastricht it fielded both pro and anti spokesmen. Additionally, between now and mid-May, minor or uncontroversial amendments to the treaty are possible, if all 12 agree.

It is, for instance, highly likely that Ireland will change the wording of its special abortion protocol and that, if the UK has a Labour government after the April 9 poll, Maastricht's separate social policy protocol will be abandoned.

But Copenhagen has asked its EC partners for all such changes to be agreed before it sends its final version to press on May 14. The features of Maastricht causing such a large chunk of the Danish electorate disquiet are too large to be re-negotiated, either before the June 2 referendum or probably even after.

No one in Denmark seems clear on the consequences of a Danish "no" but Mr Ellemann-Jensen, Mr Poul Schlüter, the prime minister, and Danish voices from Brussels, including the budget commissioner, Mr Henning Christoffersen, and Mr Niels Erbslöv, the secretary general of the Council of Minis-

ters, have all said that it will be the beginning of the end for Denmark's membership.

The Euro-sceptics in the Folketing argued in a debate on March 17 that if there is a Danish "no", it merely means that Maastricht will have to be renegotiated.

However, the government thinks it is highly unlikely that the EC's other 11 members will undo a delicately balanced deal in order to accommodate 5m Danes.

The Socialist People's Party spokesman, Mr Gert Petersen and Mr Sten Gade, pointed out that the Home Treaty contains no provisions for throwing out members of the EC and that Maastricht requires unanimity.

A possible future for Denmark would be some kind of associate membership. One of the paradoxes of a Danish "no" is the risk of isolating itself from its Nordic neighbours, assuming that Sweden and Finland, which have both applied for membership, actually join. Perhaps the Nordic argument is the one which will finally convince the doubters that a "yes" is probably the best alternative after all.

Russia warned on economic errors

By John Lloyd in Moscow

RUSSIA'S reform programme is too severely market oriented and will cause a social explosion if it continues to ignore the social and political dimensions, a group of western scholars has told the Russian government.

The five-strong group said yesterday they had advised Russian leaders "that the transformation of Russia cannot be reduced to a transition to the market economy".

It is a dramatic sign of the times that foreign experts - including two American professors - should come to Moscow to admonish Russian leaders for being too right-wing.

Led by Professor Manuel Castells, professor of sociology at the University of Madrid, the group had two advisory sessions with Mr Yegor Gaidar and Mr Alexander Shokhin, the two deputy prime ministers, and Mr Genady Burbulis, the first deputy prime minister (and former instructor in Marxism-Leninism).

The fact that the group secured so much time indicates that the Russian government is now concerned by the effects of their own policies, and the lack of governmental power. Prof Alain Touraine, the distinguished French sociologist, said that "we told the Russian government: you were right to break with the existing system and to create a market economy. But it would be wrong to concentrate only on economic issues and to destroy the state".

He warned of the dangers in the distancing of the people from the authorities. The group's concerns chime with the private views of some official foreign advisers working in Moscow, including those with the International Monetary Fund and the World Bank. They are concerned that the strict application of monetary and fiscal discipline is not accompanied by adequate structural changes. In addition, insufficient preparation is being made for the social protection of those hit by soaring prices.

Prof Stephen Cohen, who holds the chair of planning at



President Boris Yeltsin welcoming his Italian counterpart, Mr Francesco Cossiga, to Moscow at the start of a state visit

the University of California at Berkeley told a group of mainly Russian journalists yesterday: "You took the 1917 revolution too seriously and now you're taking the market too seriously." Prof Castells said

flatly: "All entrepreneurial classes were created with the assistance of the state." All agreed that the bias of foreign advice strongly oriented towards rapid market change - was "distorted".

Germany to resolve east's property disputes by 1994

GERMANY said yesterday that most of the 2.4m property disputes in the former East Germany would be resolved by 1994, bringing the planned completion date forward from beyond the year 2000, Reuters reports from Berlin.

in the law setting strict time limits on resolving disputes would speed up work. Staff have processed just 3.2 per cent of property claims since unification. The large number of outstanding claims from former East Germans on expropriations has blocked investment in the depressed region by overloading the bureaucracy.

Spanish alert after Eta chiefs captured

By Peter Bruce in Madrid

THE SPANISH government was yesterday bracing itself for a possible upsurge in separatist violence after the arrest in France late on Sunday of the military high command of the Basque separatist organisation, Eta.

Senior Spanish officials, struggling to disguise their delight at the capture of Eta's three most wanted operational leaders by French police, were warning that retaliatory strikes were still possible.

"The operation is still going on... but there must not be any euphoria," said Mr José Luis Corcuera, the Spanish interior minister. "Eta is still capable of striking and there will not be any relaxation in our security. If anything, it will be increased." He said Spain would try to have the three extradited.

The capture of the three men was probably the most devastating blow struck by the authorities against Eta, which has killed more than 700 people in its 20-year struggle for Basque independence. Those held were Francisco Mugica Garmendia, Eta's military commander and



Spain's public enemy number one. With him were two lieutenants, José Luis Alvarez Santacristina, Eta's leading ideologue, and Joseba Arregui Erostabe, alleged by police to be the group's top bomb-maker.

The organisation has stepped up its campaign this year in the hope of frightening the government to a negotiating table by threatening to attack this summer's Olympic Games in Barcelona or the World Fair in Seville. More than 12 people have been killed this year.

the men was greeted by violent protests in parts of the Basque country, Madrid is hoping that the removal of the military leadership might make it easier for more moderate elements in Eta or its political wing, Herri Batasuna, to make their voices heard.

Nevertheless, Eta leaders have been arrested before and replaced, though the arrest on Sunday of Mugica means that the last of the organisation's traditional Marxist-Leninist leaders is now dead or behind bars. But it is assumed that at least two Eta units will continue to operate in Spain.

Mugica was one of the ideological clique thought to have murdered Eta's leader, Mr Moreno Bertruguez, and assumed control in 1974 when he began to have second thoughts about armed struggle.

That entire clique is now under arrest or dead but one of its members lives under a form of house arrest in the Dominican Republic. He is Eugenio Esteve, whom Madrid sees as the only person moderate enough to negotiate an end to the fighting and who would still carry some credibility with Eta's die-hard supporters.

ILO says CIS jobless may hit 24%

A SURVEY released yesterday shows that unemployment in the former Soviet Union this year may reach the level of the 1930s US depression, AP reports from Washington.

The study by the International Labour Organisation, including interviews with government statisticians and visits to 500 factories, said more than 15m workers will be unemployed this year in former Soviet states, 12 per cent of the work force.

Another 30m workers in state-sector jobs risk being made redundant because they are kept on the payroll despite being under-employed. If only half of the excess workers are laid off, the unemployment rate would double to 24 per cent, the report said.

In 1934, at the depth of the great depression in the US, 24.9 per cent of the work force was out of a job.

"It is a genuinely chaotic situation," Mr Guy Standing, the ILO's labour market research co-ordinator who led the survey, said.

Moscow set to sign deal with enclaves

By Leyla Boulton in Moscow

SEVENTEEN of Russia's 20 semi-independent enclaves are expected today to sign a federal treaty designed to preserve at least the semblance of Russia's territorial integrity.

But the treaty is being boycotted by Chechnya, Bashkiria, and Tatarstan, the largest of the former autonomous republics, which voted 10 days ago to deal with the Russian Federation on an "equal basis" but says it will stop short of outright secession.

The treaty itself may also be less binding than it appears. Mr Ramazan Abdulatipov, chairman of the Council of Nationalities, one of the two chambers of the Russian parliament, said yesterday some republics, such as Kalmykia, would sign with reservations. These would allow republics to reach deals with Moscow - for instance giving them control over their mineral wealth or the right to collect taxes.

But whatever its faults, the treaty should provide President Boris Yeltsin with a badly-needed political success to shore up his position ahead of next week's Congress of People's Deputies, during which his economic policies will come under fierce attack.

A negotiated settlement with Tatarstan, allaying fears he is allowing Russia to break up, should also help buoy his political fortunes. Finally, agreement with the 17 enclaves could make it easier for the Russian Federation to adopt a long-delayed constitution, although there are reports that Mr Yeltsin has ditched the official draft of the document.

Tatarstan's vice-president, Mr Vasily Ikhachev, yesterday met Mr Genady Burbulis, the first deputy prime minister, for talks on a bilateral treaty. A similar deal is being sought by Bashkiria, which has differences over property, mineral resources, budgetary policy and taxation. Chechnya representatives stayed away. A fourth possible rebel, Yakutia, said it would sign the treaty if amendments were made on economic issues.

Pacifists try to block Swiss plan

By Ian Rodger in Zurich

A PACIFIST group has launched a campaign to block the Swiss government's plan to buy 34 McDonnell Douglas F-18 fighter aircraft for \$2.3bn (\$2.3bn).

Normally, military programmes in Switzerland are sacrosanct, but the F-18 project has aroused considerable opposition, partly because of its high cost and partly because of doubts that such a sophisticated aircraft is the right weapon for the country's future security needs.

A recent opinion poll in the French-speaking part of Switzerland indicated that 76 per cent of the population opposed the purchase, although 60 per cent thought an airforce was still necessary.

The government has just approved a new security policy, reducing the Swiss Army on international peacekeeping and maintaining order at home in the event of natural catastrophes or shock-waves from conflicts or disasters in neighbouring countries.

The possibility of having to repel a determined aggressor is considered extremely remote. Two weeks ago, the council of states, the parliamentary chamber reflecting the views of the 26 cantons, approved the F-18 project. In June, the more representative national council will have the final say.

Last weekend, the Group for an Army-Free Switzerland set out to raise - within a month - the 100,000 signatures needed to force a referendum. It is almost certain to succeed and then it would demand that the cabinet express its opinion on the referendum before the F-18 issue comes before the national council.

The referendum itself would have to be held within two years.

Firebomb alert to Dublin stores

A firebomb alert was sent out to Dublin retailers yesterday following a fire caused by an incendiary device at the weekend, which was believed to have been planted by Loyalist paramilitaries from Northern Ireland, Tim Coone reports from Dublin.

The Ulster Volunteer Force claimed responsibility for half a dozen firebomb attacks in Dublin last July.

EBRD wins credibility with a hard-nosed approach

Initial scepticism about the bank's special role in eastern Europe has given way to quiet approval, writes Judy Dempsey

WHEN the European Bank for Reconstruction and Development (EBRD) was launched a year ago, there was one question which Mr Jacques Attali, its philosopher-president, was repeatedly asked: Was the bank needed?

Many officials in the World Bank, the International Monetary Fund, and the international banking establishment argued at the time that there were already enough institutions lending to eastern Europe and the former Soviet Union.

"If the EBRD is to be judged on the sole criteria of simply being another bank, then it is not needed," a British banker said. But because the EBRD is the only international financial institution that has a specific mandate to establish the

framework for a market economy in the former communist countries of eastern Europe and the Soviet Union, and within a democratic environment, the initial scepticism about the bank's role in the reconstruction of eastern Europe has slowly given way to a growing awareness that the bank has a special role to play.

The first role is purely commercial. Mr Ronald Freeman, vice-president, and head of the merchant banking arm of the EBRD, says it is not in competition with other banks.

"Our job is to attract strong equity partners in order to conclude contracts in eastern Europe. Every loan must be secured at market rates. We will syndicate everything. That is how we will keep our feet on the ground," he said.

This hard-nosed approach to lending to eastern Europe has reassured its critics. Large

companies, such as Nestlé, General Motors, and GEC-Alsthom, have invested in eastern Europe, with co-financing from the EBRD. Capital committed by the EBRD, combined with commitments made by foreign investors and lenders, total Ecu2.1bn (\$2.5bn) to the region.

"Large companies are approaching us for co-financing because they are still uncertain about the political and economic climate in eastern Europe and the CIS," said Mr

Freeman. "But we cannot adopt a wait-and-see approach to the region. We have to get on with it," he added. Mr Freeman also believes the reduction in export credit guarantees by many western governments is making the EBRD an alternative for foreign investors who want to do business in eastern Europe but who want the added security the bank can bring to a deal.

But at the same time, the governments of eastern Europe out of the [economic] mess. It is very important to put money into infrastructure investments." One project under consideration by the EBRD is military conversion.

He said the EBRD, which now includes all the countries of eastern Europe and the Baltic states, and which yesterday formally admitted all the republics of the Commonwealth of Independent States except Georgia, intends to commit about Ecu1bn (\$1.1bn) to the region in 1992, and about Ecu2bn in 1993.

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Europe, which are all represented on the bank, realise that the bank is not "soft touch". "We are not Santa Claus," said Mr Attali. "The republics in the CIS, and the east Europeans, are beginning to understand that we cannot make promises. They also understand that taking equity in a company is not the same as extending subsidies."

This tough approach is tempered by the development arm of the bank, which, unlike the

merchant banking side, has a much longer-term philosophy. "We concentrate on developing the infrastructure to the extent that the EBRD's environment, transport and energy policy is aimed at integrating the countries of eastern Europe with western Europe. This is a very long and complicated process," explained Mr Thierry Baudouin, director of public infrastructure, energy, and environment in the development bank. It is this emphasis on integrating the two Europes which is increasingly shaping the EBRD's philosophy, and which follows Mr Attali's grand vision of an open, continental market embracing the former communist states.

"I am very cautious about having a doctrine for the bank," explained Mr Attali. "I realise more and more that even if prices are liberalised in all these countries, you keep

coming up against one basic problem: all these countries lack a financial sector."

"The bank underestimated the need for technical assistance in eastern Europe and the CIS," he admitted. "For instance, these countries need a central bank, a fiscal system, a civil service, a telecommunications network, a state to collect taxes. These institutions have to be created."

"We must help the countries of the CIS and eastern Europe establish these institutions within a democratic framework, otherwise there will be no environment in which the market economy can function." Officials at the bank realise they cannot, and do not want to operate alone, especially when it comes to drawing up long-term policies on the environment, energy, telecommunications, and transport in east Europe and the CIS.

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US urges Japan to increase semiconductor imports

By Robert Thomson in Tokyo

THE US yesterday warned the Japanese government of its "serious concern" over the "stagnation" of foreign market share of Japan's semiconductor market and advised Japanese companies to increase their purchases of imported chips.

The warning by Mrs Carla Hills, the US trade representative, followed the publication of jointly calculated statistics showing that the foreign

share rose only slightly from 14.3 per cent to 14.4 per cent in the last quarter last year.

In a semiconductor agreement signed last year, Japan recognised that foreign chip makers expected a 20 per cent share of the market by the end of this year, although it did not guarantee such a share.

However, Mrs Hills indicated the frustration of both Washington and the US semiconductor industry with the marginal growth of the foreign

share. The US industry recently raised the prospect of sanctions against Japanese products if the market share target is not met.

"It is critical that the Japanese government and industry intensify their efforts to improve access to their semiconductor market over the coming months," Mrs Hills said.

Japan's Ministry of International Trade and Industry (MITI) blamed the stagnating share on a downturn in domestic demand for semiconductors,

which has led to "inventory adjustment". But the ministry, conscious of Washington's impatience, said it was "important for Japanese users to strengthen efforts" to expand purchases of foreign chips.

The countries published two figures, with the 14.4 per cent not including "captive" sales, semiconductors manufactured abroad, but used internally by the same company, in particular, IBM Japan. The second figure, which does include captives,

showed a fall in foreign share from 16.2 per cent to 16.1 per cent.

Meanwhile, the Electronic Industries Association of Japan, yesterday published a report forecasting that international demand for semiconductors would reach \$22.8bn in 1993, up from \$33.2bn in 1989.

The association predicts that Japan will be the largest market in 1993, worth \$32.6bn, followed by North America (\$30.7bn) and Europe, (\$21.8bn, up from \$12.9bn in 1989).

Uruguay Round deadlines expire without accord

By Frances Williams in Geneva, David Buchan in Brussels and Nancy Dunne in Washington

TRADE negotiators in Geneva have failed to meet today's deadline for an accord on tariffs and services in the Uruguay Round of trade talks, on steel and on the transatlantic dispute over European subsidies to Airbus Industrie.

The chances of meeting the Easter deadline for completion of the Uruguay Round now look remote, and officials are increasingly talking of extending the talks into the summer, even into next year.

The detailed country-by-country negotiations on reducing tariffs by a target one-third, and on specific measures to open services markets to foreign competition, are key ingredients of the Uruguay Round package designed to put flesh on the bones of the draft "Final Act" presented last December.

Officials say neither set of talks is likely to make progress until there is some sign of a breakthrough in the crucial US/EC talks on farm subsidy

cuts in the Uruguay Round. Talks on a new multilateral code for steel trade continued in Geneva yesterday and are due to resume today. The Bush administration has indicated it will not renew US voluntary export restraint agreements (VRAs) on steel which expire today, but the US steel industry has threatened a barrage of anti-dumping and anti-subsidy suits if there is no multilateral code to replace the VRAs. The proposed code would phase out tariffs and direct state subsidies to steel over 10 years.

The EC yesterday pledged it would not reintroduce import curbs on steel, even if talks in Geneva failed to produce an Multilateral Steel Agreement (MSA) curbing subsidies and other trade distorting measures. Spain, however, remains the only EC country pressing for protection against imports.

Brazil EC officials said yesterday that no talks on the US/EC Airbus dispute were taking place, after inconclusive discussions last week in Washington. The US is now expected to take its case against Airbus subsidies to GATT's subsidies committee.

Tokyo may resume insurance for dealings with Vietnam

By Robert Thomson in Tokyo

JAPAN is close to resuming the provision of trade insurance for dealings with Vietnam, but remains wary of offending Washington, which has yet to lift its economic sanctions against Hanoi.

The dilemma over dealing with Vietnam has become an important test of Tokyo's claim that it is developing an independent foreign policy,

as Japanese officials have already decided, in principle, to resume trade insurance.

Officials at the Ministry of International Trade and Industry (MITI) indicated yesterday that they were pleased with Vietnam's "attitude" over the repayment of about ¥10bn (\$43m) in commercial debts outstanding since the late 1970s, and they are encouraged by the country's economic reform programme.

A Japanese delegation visited Hanoi in January to discuss the commercial debts, most owing to trading houses, and another ¥28bn in arrears on Japanese government loans. Repayments were stopped when Japan and other countries suspended aid after Vietnam's invasion of Cambodia in 1978.

The expected settlement of the debt question and the likelihood of government assistance resuming in the near future has encouraged Japanese com-

panies to take a greater interest in Vietnam, but they, too, are concerned about causing offence to the US.

Mr Michio Watanabe, Japan's foreign minister, has taken a personal interest in the Vietnam issue, but he and MITI fear that a US decision on lifting its embargo has been delayed by the unexpectedly close US presidential race. Japanese officials believe that the Bush administration would like to lift the embargo, but is con-

cerned about the political costs in an election year.

That delay has prompted Tokyo to consider resuming trade insurance coverage in advance of the lifting of the US sanctions. Japan is also considering opening a trade information office in Vietnam next year, but a public announcement of the proposal has also been delayed out of deference to Washington.

Energy ventures in Kazakhstan and Russia stall again

By John Lloyd in Moscow

DECISIONS on the two largest oil and gas developments in the former Soviet Union to be undertaken with the participation of foreign oil companies have again been stalled.

At the same time, however, Russian legislators are drafting a new Oil and Gas Law which, foreign energy companies hope, will bring order to the confusing system of decision-making which ensures interminable delays.

The Kazakhstan government has sent a new set of demands to Chevron Corporation of the US to incorporate into their proposals for the exploitation of the giant Tengiz oilfield between Omsk and the Aral sea in the central Asian country. According to the Interfax news agency, these include cutting the profits share to 13 per cent and increasing the royalties payable to Kazakhstan to \$25bn (\$14.4bn).

Quoting Mr Kalyk Abdullayev, the deputy prime minister, the agency said that the republic would also claim increased control over land use and keep all excess profits accruing from any increase in the price of oil.

He said that the new claims were based on advice from the US investment bank Goldman Sachs and the UK law company, Slaughter and May.

The Tengiz development is reckoned to increase the republic's oil output to 50m tonnes a year within eight years from its current level of 26m tonnes a year.

The Russian parliamentary commission reviewing the tender for offshore oil and gas fields in Sakhalin off the Russian east coast is delaying announcing any decision because of a 5:3 split against awarding the tender to the US-Japanese 3M consortium of McDermott, Marathon and Mitsui.

Nafta sidelines Gatt talks in US

By Nancy Dunne in Washington

THE apparent failure of Chancellor Helmut Kohl and President George Bush to find a way out of the Uruguay Round stalemate has pushed the stock of the talks under the General Agreement on Tariffs and Trade to a new low in Washington.

By contrast, the negotiations over the North American Free Trade Agreement (Nafta) to link the US, Canada and Mexico are stimulating an excitement lost by the multilateral negotiations through five years of slogging in the Uruguay Round.

Nafta negotiators in the various sector talks have been meeting in Washington this week. A ministerial meeting is planned for the first half of April.

Numerous reports from the office of the US Trade Representative advertise the Nafta as "a 1992 production".

It may not pass Congress this year, but the betting is that negotiators will bridge differences to complete a pact in 1992 and perhaps even as early as next month.

The Nafta is one of the few issues to attract enthusiasm on both sides of the congressional aisle. Although Democrats may balk if a final draft fails to deal satisfactorily with the concerns for the environment and environmental and workers' rights, Congressmen Richard Gephardt, the House majority leader, may simply attach an amendment to the implementing legislation requiring US companies in Mexico to abide



Gephardt: concerned over workers' rights and the environment

by US work and environmental rules.

Energy is one of the thorniest issues at the bargaining table. The Mexican constitution prohibits foreign participation in strategic sectors such as oil, but the possibility of ultimately developing an affordable supply of energy for a self-sufficient North America has captured the imagination of many in Congress.

There are benefits for all three negotiating partners. Mexican industry desperately needs US and Canadian investment

capital and technology for its natural gas sector. US imports have soared from 2.3bn cubic feet in 1988 to 33.6bn in 1990. In the short term, the Salinas government seems willing to accede to the demands of its negotiating partners to develop a regulatory commission mechanism for rates and contract terms, transportation terms and the freedom of foreign companies to negotiate directly with its customers rather than going through Pemex, the Mexican national oil monopoly.

Mexico also has been importing US electricity. Negotiations promoting trade liberalisation could provide cheaper, cleaner, more reliable electricity for both countries. "California could provide electricity for the entire [Mexican] state of Baja," said one congressional aide, who also talked enthusiastically about sales of US oil rigs and anti-pollution technology.

Less easy is the question of US and Canadian investment in oil refineries and ownership of petrol stations. Joint ventures could be an acceptable alternative.

Even more difficult is foreign investment in oil exploration. The Mexican government has shown a willingness to hire foreign companies on a contract basis to bring in drilling technology and turn over the oil found to Pemex. But this would fail to bring in the investment risk capital Mexico desperately needs.

For all its potential, US energy companies recognise that Mexico will not fully open this protected sector in the current Nafta negotiation.

USAir orders Boeing 757s worth \$900m

By Paul Belts, Aerospace Correspondent

BOEING announced yesterday it had clinched a \$900m (\$520m) firm order to supply USAir with 15 Rolls-Royce-powered Boeing 757 twin-engine airliners. The deal will bring firm engine orders worth about \$150m for Rolls-Royce.

USAir has also taken options to acquire an additional 15 Rolls-Royce-powered 757s.

The US manufacturer also confirmed yesterday that CSA, the Czechoslovakian national carrier, had ordered five Boeing 737-500 airliners worth about \$160m including spares, and training.

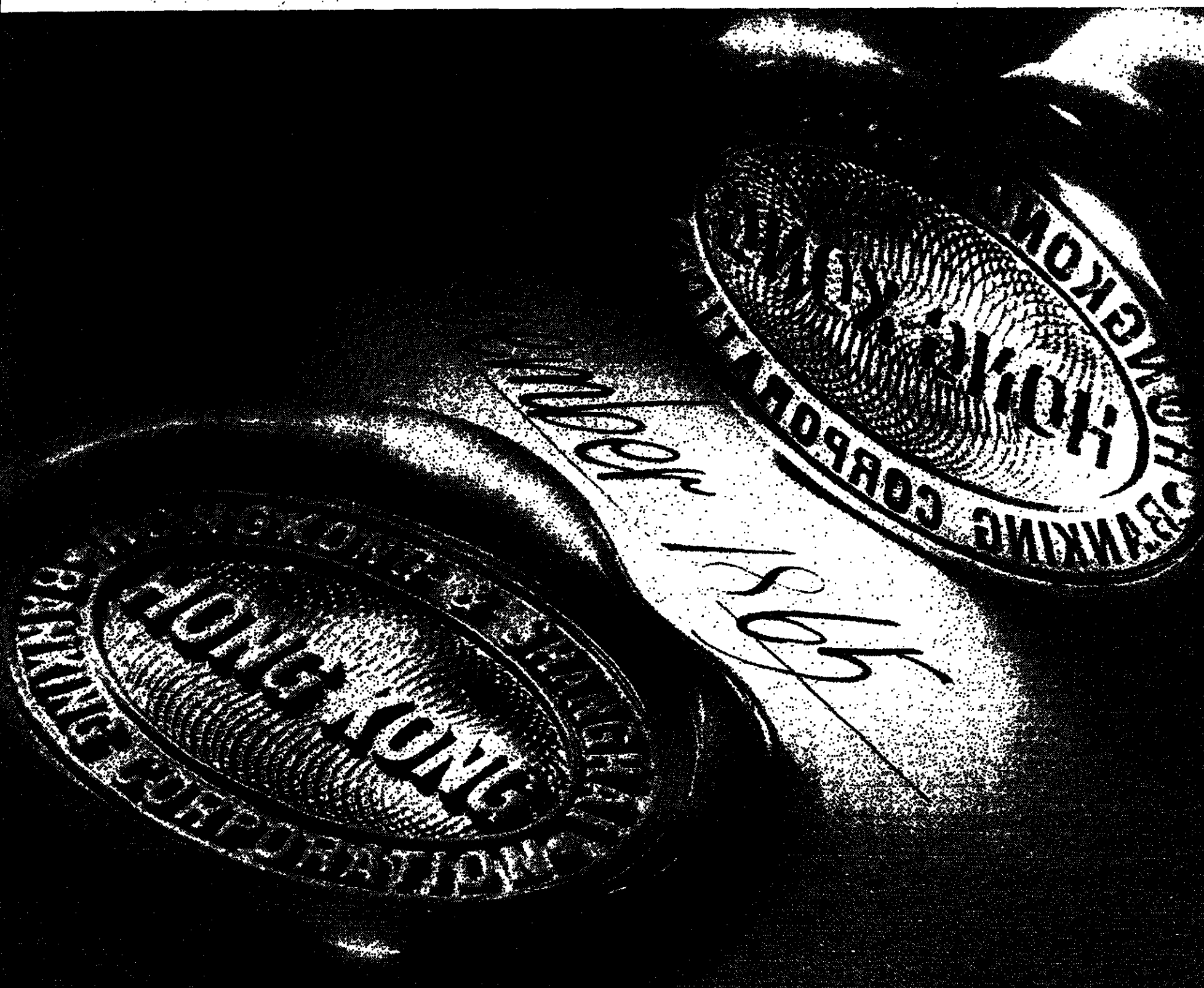
Iran, Turkey and Pakistan set up bank

IRAN, Turkey and Pakistan are to set up a joint bank with a capital of \$320m (\$185m). Iran's central bank governor Mohammad Hossein Adeli said, Reuter reports from Nicosia.

Mr Adeli, back in Tehran from a meeting with his Turkish and Pakistani counterparts in Karachi, said the Bank of Commerce and Development would finance trade among the three countries and invest in joint or separate projects. Tehran Radio said.

He said Iran would hold a third of the capital. Shareholders would be private and public banks and financial institutions from the three countries.

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NEWS: INTERNATIONAL

Egypt falls into line on censure of Libya

By Tony Walker in Cairo

EGYPTIAN officials, who have led a rearguard action to save Libya from international censure over the 1988 bombing of an American airliner, appeared to have resigned themselves last night to the passage of UN sanctions.

Officials were last night signalling that Cairo would reluctantly fall into line with some of the sanctions provisions, such as an arms and air embargo, but they were vague as to whether Egypt would also downgrade diplomatic links with Libya as required by the proposed Security Council resolution.

"My understanding is that we will comply with the resolution," said a well-placed official. "Egypt supports international legality and the role of the United Nations."

However, there is no doubt that western determination to press ahead with sanctions in an effort to force Libya to yield two of its nationals accused of bombing Pan Am Flight 103 over Lockerbie is causing acute discomfort in Egypt whose diplomacy has, for the past six months, been fully engaged in efforts to head off just such a development.

Egyptian uneasiness, and indeed misgivings among the pro-western Arabs generally, stems from a fear that western pressure against Libya will be portrayed throughout the region as another example of the west seeking to bully a weak Arab state under the so-called "New World Order", weighted heavily towards US interests.

"To Arabs, it appears like the strong imposing its will on the weak under a new Pax Americana," said Professor Saad Ibrahim of the American University in Cairo. "People are unhappy about the precedent that is being established and ask where will it end, not that anyone has much sympathy for Gaddafi himself."

One western official believes that one of the main problems in what he described as a "messy situation" stems from Arab misunderstandings of what is involved in the due process of law in the west. "No matter how hard we try to explain the situation, reactions are emotional," he observed. "People believe what they want to believe."

Mr Gamil Matrar, a former senior Arab League official, voiced a common view among Arab intellectuals when he said there was "no precedent" for demands to extradite the Libyan nationals. "What's the point of delivering these two people to the US?" he asked. "This kind of humiliation of the Arabs will only lead to more violence and terrorism."

Arab commentators are suggesting the west may be in danger of painting itself into a corner over the issue of sanctions. Dr Gehad Andra of the Centre for Political and International Development Studies in Cairo said that just as the Arabs faced a dilemma over Libya, so did the west.

"What can the US do to oblige Libya to comply?" he asked. "It cannot use force. In fact, the US does not know what to do to uphold the norms of the new international order."

Egyptian officials say they are hoping for a last-minute compromise before the sanctions package is due to come into effect on April 15. They are planning hopes on the International Court of Justice, which has been asked by Libya to rule on who might have jurisdiction in the case. But they held out little hope of a quick resolution.

Shamir rejects formula to resolve Likud split

By Hugh Carnegie in Jerusalem

MR Yitzhak Shamir, the Israeli prime minister, said last night the resignation announced by Mr David Levy, the foreign minister, was "unnatural and unjustified". But he offered no concession to bridge the cavernous split which has opened in the ruling Likud party three months before the June 23 general election.

"We are the owners of the same party. The same spirit guides us. There are no differences between us," Mr Shamir insisted, adding: "There is nothing to extort out of me."

Mr Levy, smarting over what he regards as the malicious subjugation within the Likud of himself and his supporters by Mr Shamir and his allies, declared on Sunday night that

he would resign from the government.

He larded a vituperative attack on Mr Shamir with assaults on the way some ministers, as he put it, have "declared war" on the US. This was in line with his position as the Likud minister most supportive of the US-brokered Middle East peace process.

But Mr Levy's main concern was clearly to recoup his recently damaged domestic political position. He was careful not to slam the door on either the government or the Likud party. Under government rules, he would not hand his resignation in until Sunday's cabinet meeting, leaving a week open for negotiations over his demand that his camp be granted one-third of all party appointments as the price for his retreat.

The US has suggested reconvening Middle East peace talks between Israel and its Arab neighbours in Washington on April 27, writes Tony Walker in Cairo.

The Arabs have indicated they will attend. In Tunis, Mr Yasser Arafat, a member of the Palestine Liberation Organisation executive committee, said foreign ministers of Jordan, Syria and Lebanon would meet in Beirut tomorrow for co-ordination talks. Israel, which has been pressing for talks to be moved from Washington to a location closer to the Middle East, probably in Europe, has not yet signalled its acceptance of the date.

The European Community, meanwhile, has indicated that it will invite Palestinians from outside the occupied territories to talks in Brussels in May on Middle East economic issues.

Mr Shamir is anxious to avoid prolonging a dispute within the party that has already weakened its position in the neck-and-neck election battle with the opposition Labour party. If Mr Levy were to go so far as to leave the Likud and set up his own party, as many of his supporters are urging, it could tip the

balance against the Likud in the finely balanced Knesset elections. Equally, Mr Shamir is under pressure from some in the Likud who feel it would be better in the long run to cut out what has become a festering wound in the party by forcing Mr Levy to set up on his own. Mr Shamir's inclination is to find a way to keep Mr Levy in the fold, but finding a formula may be difficult. He said yesterday Mr Levy's demand for a quota of party posts for his supporters was out of the question. He reiterated an assurance to make Mr Levy foreign minister and deputy premier if Likud wins the election. But he added: "I don't want to hear about percentages... there is nothing to talk about."

The issue is made doubly sensitive for Mr Shamir because of the strong ethnic undertone underlying the row. Mr Levy is the champion of the Sephardi, or oriental Jews who came to Israel from North Africa and the Middle East. They resent what they see as the discriminatory attitude of the traditional Ashkenazi, or European establishment, to which Mr Shamir belongs.

The danger of losing their loyalty was quickly and publicly recognised by Mr Binyamin Begin, son of the late prime minister Menachem Begin, whose careful gathering of the Sephardim into the Likud fold was the foundation of the party's accession to power in 1977.

"We are talking about an important group in the Likud, even very important," Mr Begin said yesterday. "Most of them have been activists for many years. I very much hope in the week that we have it will be possible to straighten things out."

"I hope that all the members will understand three months before the elections that there are things that are bigger and more important than ourselves... first of all to win the elections on the 23rd of June."



David Levy: Shamir terms his resignation 'unnatural'

Turkey tells Syria to cease aid to Kurds

By John Murray Brown in Istanbul

TURKEY yesterday issued a strong warning to Syria urging it to end support for Kurdish separatists, after a week of growing unrest in south-east Turkey where rebels of the Kurdistan Workers Party (PKK) are calling for a general insurrection.

The broadside by Mr Suleyman Demirel, the prime minister, marks the most explicit charge of Syrian involvement in the PKK's struggle for an independent state in south-east Turkey. It comes just two weeks before a scheduled visit to Damascus by Mr Ismet Sezgin, Turkey's interior minister.

The statement underlines mounting Turkish concern at what it sees as Syrian complicity, giving backing to Turkey's claim that the PKK constitutes an external threat despite growing evidence that it now enjoys broad support inside the country.

Mr Demirel described Syria's action in giving the PKK a safe haven in the Bekaa valley as unacceptable. "It should be clearly understood that our patience has a limit," Mr Demirel warned.

Turkey claims the PKK has 7,000 guerrillas outside Turkey either in northern Iraq or in the camps in Bekaa, and just 3,000 inside Turkey. "We will do everything we can to stop this killing. I don't think this should go on for 10 or 15 years. It should be stopped," he said.

Mr Demirel's comments raise the prospect of possible Turkish military action against PKK camps in the Lebanon's Syrian-controlled Bekaa valley. Turkish aircraft bombed alleged PKK targets in northern Iraq last week. Mr Demirel defended the hot pursuit tactics as an act of self-defence sanctioned by the United Nations Charter.

Turko-Syrian relations have long been based on mutual suspicion, a simmering dispute over Turkish control of the river Euphrates, and the outstanding Syrian claims to Hatay province - given to the Turks in the 1930s when Syria was under French administration.

Turkish frustration at its failure to combat the PKK reached a new impasse last week with the deaths of more than 70 people involved in demonstrations to mark the Kurdish New Year.

This frustration was compounded by German criticism on Thursday that Turkey was using German military aid equipment to put down the demonstrations - a charge denied by Mr Demirel.



Judge Keba Mbaya, International Olympic Committee vice president (right), meets African National Congress president Nelson Mandela yesterday to discuss South Africa's participation in the Barcelona Olympics later this year. The country was last week readmitted to the Olympics after 21 years provided it met certain conditions including the abolition of apartheid.

Roh Tae Woo sacks intelligence chief

SOUTH KOREAN President Roh Tae Woo yesterday fired his intelligence chief and replaced three cabinet ministers in the aftermath of a humiliating parliamentary election defeat, AP reports from Seoul.

The action followed an opposition demand that Mr Roh sack his entire 23-member cabinet and issue a public apology for alleged vote-rigging in last week's elections.

Mr Roh's ruling Democratic Liberal Party lost its majority by one seat in the March 24 elections, widely seen as a prelude to presidential voting

later this year. The DLP had controlled nearly two-thirds of seats in the 300-member parliament.

In the shake-up, the first since last December, Mr Lee Sang-hyun, home minister, replaced Mr Suh Dong-kwon as chief of the agency for National Security Planning (NSP), the main government intelligence organisation.

Mr Lee Dong-ho, a provincial governor, succeeded the outgoing home minister, whose job includes control of the 130,000-member police.

Mr Kang Hyon-wook was named agriculture and fish-

eries minister and Mr Noh Won-il is the new transport minister.

Officials said the NSP was the only cabinet-level post directly held responsible for election-related disputes. The agency is suspected of having been deeply involved in illegal campaigning.

A few days before the election, four agency agents were arrested while stuffing mailboxes with leaflets highly critical of an opposition candidate in Seoul. They were under investigation by prosecution authorities.

The opposition also

demand that army leaders who allegedly ordered vote rigging in the military be punished.

Two days before the parliamentary voting, an army officer said many of the 500,000 military absentee ballots were rigged to support government candidates. The defence ministry denied the charges. The officer was arrested.

About a dozen unsuccessful opposition candidates, believing that they lost because of rigged military absentee ballots, said over the weekend that they would file lawsuits to nullify the elections.

Presidential runner drops out in Manila

By Jose Galang in Manila

ONE OF the eight presidential candidates in the May 11 Philippine elections, Mr Joseph Estrada, has dropped out to become the running mate of another opposition contender, Mr Eduardo Cojuangco, of the Nationalist People's Coalition.

Mr Estrada, a member of the Senate who gained popularity as a movie actor, said yesterday he had switched over to Mr Cojuangco's camp "to help ensure that the next president wins by a majority vote".

Charges of a sellout quickly met Mr Estrada's announce-

ment. He had said earlier in the campaign that one of his opponents had offered him 200m pesos (\$4.65m) to drop his presidential bid. Although admitting that his party had been running low on funds, Mr Estrada yesterday denied there was money involved in what he called "a joining of forces" between his Partido ng Masang Pilipino and Mr Cojuangco's NPC.

Some analysts said Mr Cojuangco's chances may have improved with the new alliance. In many pre-campaign surveys, Mr Estrada was among the leading names in

terms of popularity, but his position has been eroded in recent weeks.

Among the keenly watched camps are those of Mrs Imelda Marcos, the widow of former President Ferdinand Marcos, and Mr Salvador Laurel, the defence secretary and stand-out favourite vice-president of President Corason Aquino. The campaigns of the two are apparently getting nowhere and Mrs Marcos had been trying to woo Mr Estrada.

Another group, the Liberal Party-PDP Laban coalition of Mr Jovito Salonga, former Senate president, has also lately been encountering financial

problems.

All these are bound to further strengthen the bids of Mr Ramon Mitra, the speaker of the House of Representatives running under the ruling Laban ng Demokratikong Pilipino Mr Fidel Ramos, former defence secretary and stand-bearer of Lakas EDSA-National Union of Christian Democrats, and Mr Cojuangco.

Mr Imelda Marcos said yesterday that the body of her husband, former President Ferdinand Marcos, would be brought to his home province in the Philippines from Hawaii next week for burial, AP adds.

Riot police halt Kashmiri march across border

By Farhan Bokhari in Chinnari, Pakistani Kashmir

HUNDREDS OF riot policemen, coupled with strict security measures, yesterday prevented militant Kashmiris from marching across the disputed border between Pakistan and India.

Their presence halted the latest effort by members of the militant Jammu Kashmir Liberation Front (JKLF) to reunite the divided state, an effort which Pakistani officials feared could lead to war with India.

The militants attempted to send small groups to infiltrate sections of the border, as an effort to keep their initiative alive.

However the arrest last night of Mr Raja Muzaffar, acting chairman of the Front, put an end to hopes that the march could be a success.

Militants on the Indian side also called off their planned march in the other direction, into Pakistan-occupied Kashmir.

On the Pakistan side riot policemen, aided by army engineers, built walls-of-stone and erected a barbed-wire fence outside Srinagar, the last garrison town from the border town Chinnari, to prevent marchers from taking the main road to Srinagar, capital of Indian-controlled Kashmir.

Last month, a similar march led to the killing of at least a dozen people, while another 60 were injured.

Elsewhere in the state, riot policemen fired tear-gas shells on JKLF supporters to break up a gathering in Muzaffarabad, the capital of Pakistani Kashmir.

Last night Mr Sardar Abdul Qayyum Khan, prime minister of Pakistani Kashmir, said that his government would allow no similar marches in the future.

The militants reiterated their

goal of an independent Kashmir, free from domination either by India or Pakistan. Before his arrest, Mr Muzaffar told reporters in a remote mountain hideout some 40km from Chinnari that "the march will discourage the conspiracies to divide Kashmir and will promote our attempts at reunification."

Both Pakistan and the semi-autonomous Kashmiri state have traditionally backed a UN plebiscite for Kashmiris leading to accession either to India or to Pakistan.

The Financial Times correspondent was among Western and Pakistani journalists and press photographers who were arrested by the Kashmiri police and detained for more than an hour yesterday.

Policemen armed with rifles, carrying tear gas shells and batons, surrounded the press team and threatened to charge them for allegedly associating with "proclaimed offenders".

David Housego adds from Srinagar: The Indian government is to release five Kashmiri nationalist leaders in an effort to launch a political dialogue in the state. The freeing of the leaders, announced by Radio Kashmir last night, is expected within two days. It seen by the government as paving the way for elections in the state - possibly within the year.

Most of the leaders have been held for two years for supporting the militants' separatist movement. The decision reflects growing confidence by the state government that it can contain the insurgency which in the past has drawn India close to war with Pakistan.

Mr G.D. Saxena, governor of Kashmir, said in an interview yesterday: "We have the upper hand and initiative now. I feel confident that we can keep things under control."

Swiss national arrested in Tehran for illegal contacts

A SWISS national has been arrested in Tehran on charges of illegal contacts with Iranian military personnel, the Iranian news agency IRNA said yesterday. Reuter reports from Moscow.

It quoted a statement by the Tehran military prosecutor as saying Mr Hans Bohler was arrested on March 13 along with two Iranians described as a manager and a clerk in a trading company.

Iran is at loggerheads with

Switzerland over the arrest in Bern of a member of the Iranian embassy on suspicion of involvement in the murder last August of former Iranian prime minister Shapur Bakhtiar in Paris.

The IRNA report, monitored in Moscow, said the three were arrested on charges of "illegal contacts with the personnel of the Iranian armed forces".

It said the case was under investigation but gave no other details.

Jakarta believes it has turned the tables on critical donors

William Keeling examines the international and domestic implications of Indonesia's decision to reject all Dutch aid

INDONESIA'S decision last week to reject all aid from the Netherlands, its former colonial master, and to disband the donor forum through which it was pledged \$4.75bn in 1991, has turned the tables on the donors. Many took the high moral ground after November's killing of protesters in Indonesian-annexed East Timor; now the donor country which went furthest in stressing the linkage between human rights and aid may be left high and dry.

Indonesian government officials described the decision as bilateral in nature. The official statement talked of "centuries of inhuman colonial subjugation" and the "barbarous atrocities carried out by the colonial forces during the war of independence" in the late 1940s.

Mr Moerdiono, the state secretary and close adviser to

President Suharto, cited Dutch criticism of the killings, after which The Hague began a review of future aid, as the latest example of intimidation.

The Dutch are among Indonesia's most vocal critics, second only to Portugal, which still claims authority over East Timor, the colonial territory which Jakarta forcibly annexed in 1975.

The Netherlands' position since 1989 of chairing the Inter-Governmental Group on Indonesia (IGGI), the now-disbanded donor forum, gave the country a leading role among donors. Indonesia has asked the World Bank to create and chair a consultative forum to replace the Inter-Governmental Group.

Jakarta denies that the decision will interfere with private trade, although many Dutch companies benefiting from the aid programme, totalling \$83m

last year, will be affected. Dutch companies bidding for public infrastructure projects may also be vulnerable. Prominent Dutch business interests in Indonesia include the Anglo-Dutch conglomerates Shell and Unilever, and ABB bank.

In its official response, the Dutch government said that it respected Indonesia's decision but that it objected "in the strongest terms" to Jakarta's "wording and reproaches."

Although many donors expressed their outrage at the killings in East Timor, last week's move is unlikely to grow into a wider confrontation. Most donors have followed Indonesia's lead in portraying the affair as bilateral.

Dutch diplomats, writes David Buchanan in Brussels, said at the weekend that, since it was not the Netherlands which had cut off aid, the country

was not asking its European Community partners to withdraw their own bilateral assistance to Indonesia. However, the Netherlands is likely to be supported on the East Timor issue by its Community partners, EC diplomats said. The EC presidency, held by Portugal, said that what Jakarta described as intimidation by the Dutch "is the general policy of the Community and its member-states."

[Where some dissent could be sown may be over Indonesia's request to the World Bank to form a new consultative group. Such a move might be viewed as undermining the Dutch and Community's stance on East Timor.]

The World Bank, which pledged \$1.5bn to Indonesia at the Inter-Governmental Group meeting last June, said it respected Jakarta's wish to



Source: Indonesian CBS

establish a consultative forum and would be approaching donor governments. A spokesman for Japan's foreign affairs ministry said that "Japan will not change its mind in providing economic aid." Japan pledged \$1.5bn last year and is

Indonesia's largest bilateral donor.

Western diplomats in Jakarta deny that they have broken ranks on the linkage between good governance and aid. They argue that since the East Timor massacre the authorities have moved significantly on human rights.

"The Indonesian government has gone far beyond what we would have expected them to do in criticising Abri (the armed forces)," said one European diplomat. In February, six soldiers, including two generals, were found guilty for their role in the massacre, and eight others are being court-martialed. "The Dutch were too confrontational," said the diplomat. Domestically, President Suharto's move against The Hague has been welcomed. In addition to appealing to latent nationalism, it has helped

appease those in the military unhappy with the recent criticism of Abri. The government's position has also given it more latitude to control any civil unrest before the general election in June.

Some diplomats also concede that Indonesia, the world's fourth most populous country with a gross domestic product (GDP) of \$107bn in 1990, is too important to isolate. European, American and Japanese companies compete for lucrative business. In the power sector alone contracts worth \$6.4bn will be completed within the decade.

Indeed, the donors' main concern appears to be who will exploit the loss of Dutch influence. "The Japanese will take up any shortfall in aid, despite their economic downturn. Europe will be the loser," said one diplomat.

Malaysia set for fifth year of rapid growth

MALAYSIA'S economy is set to expand 8.7 per cent in 1992 for a fifth year of rapid growth but the government will check inflation and infrastructure bottlenecks, the central bank said. Reuter reports from Kuala Lumpur.

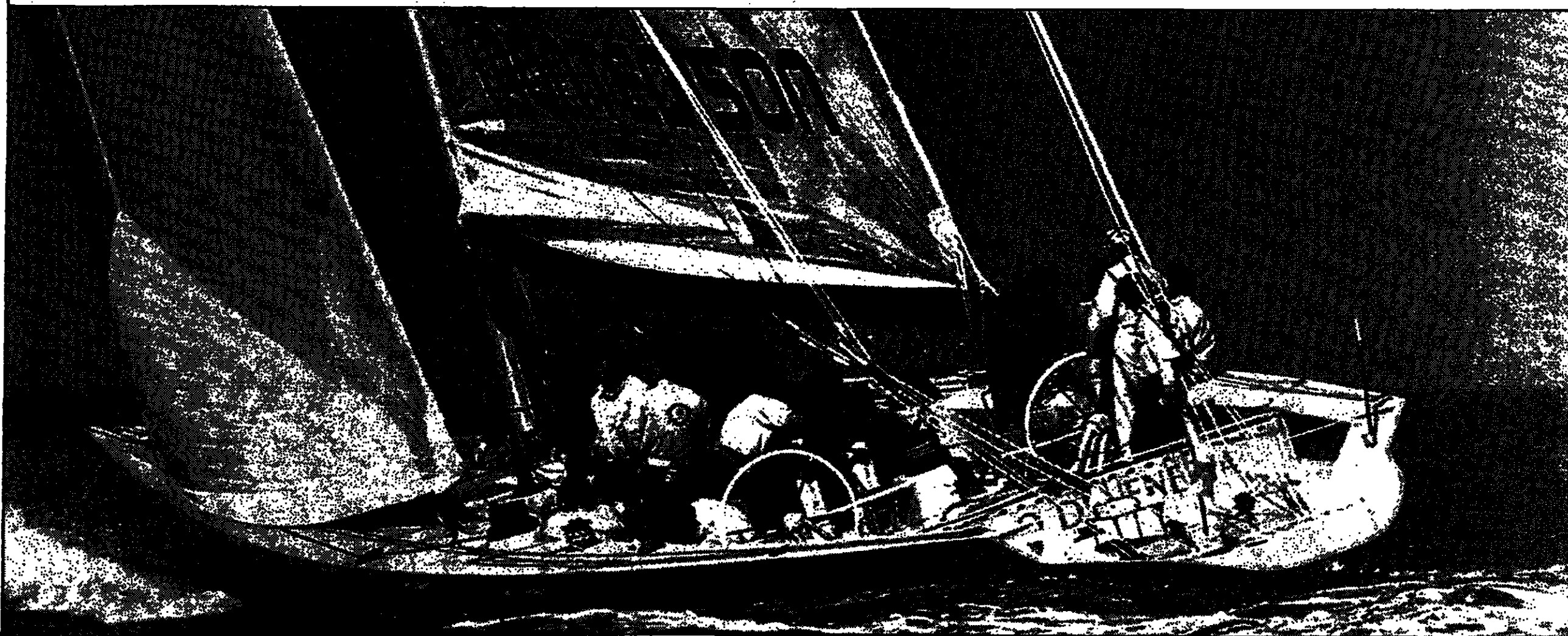
Real domestic gross product (GDP) would grow 8.7 per cent from 8.8 per cent this year, making Malaysia one of the fastest-growing economies in the Asia-Pacific, the bank said in its 1991 report.

Some analysts said that despite Bank Negara's latest projections, actual growth in 1992 could be slower.

Malaysia's inflation hit 4.4 per cent in 1991 from 3.1 per cent in 1990 and Bank Negara said it could rise to 4.5 per cent in 1992.

"We are used to zero or 1 per cent in the past," Mr Jaffar Hussein, the Bank Negara governor said.

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NEWS: AMERICA

Candidate's marijuana confession may revive 'character' issue

Clinton smoke draws little fire

By Jurek Martin in Washington

THE two leading candidates for the Democratic party's presidential nomination have finally agreed on something. Mr Jerry Brown asserted on Sunday night that Mr Bill Clinton's confessed use of marijuana while a student at Oxford in the late 1960s was "not relevant" to the current campaign.

In response to a question in a televised debate shown in New York, which holds its primary a week from today, Mr Clinton said: "When I was in England, I experimented with marijuana a time or two, and I didn't like it, and I didn't

inhale and I never tried it again." He added he had never broken any US state drugs law.

Mr Brown, appearing via satellite from Wisconsin, said he had never used marijuana but went on: "I agree with Clinton, why don't you lay off this stuff? What you did 20 years ago is not relevant."

The question of the use of narcotics has now become almost a rite of passage for aspiring American politicians and public office holders. In 1988, two Democratic candidates, Senator Albert Gore and Mr Bruce Babbitt, acknowledged earlier recreational use of soft drugs. So did Judge Clarence Thomas, approved as the new Supreme Court Justice

last year, and Mr Douglas Ginsburg, who withdrew his nomination by President Ronald Reagan for the Supreme Court in 1987.

In the latter case, Mr Ginsburg confessed to use only seven years previously, when already a university professor, an admission which materially damaged his nomination. However, national surveys have shown that about half Mr Clinton's generation which grew up in the 1960s smoked marijuana at one stage or another.

There was some criticism yesterday that Mr Clinton had chosen to defend himself on the narrow grounds that he had broken no US law, not mentioning that marijuana

was still illegal in Britain.

A more general concern for the Arkansas governor may be the extent to which his admission reinforces other well-aided doubts about his "character" - less among his generation but more among older Americans to whom the "sex, drugs and rock n'roll" revolution always was unpalatable.

His confession attracted front-page treatment yesterday in the mainstream media, with the New York tabloids typically having a field day. "Clinton on the S-pot," was the headline in the New York Post, while the Daily News, which had pressed Mr Clinton on the issue earlier, half-joked "Weed asked him that."



Clinton meets reporters after admitting smoking - but not inhaling - marijuana

Fall in US new home sales figures

By George Graham in Washington

SALES of new homes fell slightly in the US last month, but the drop did not appear to cloud prospects for an economic recovery significantly.

The Commerce Department said it had recorded new home sales at an adjusted annual rate of 613,000 in February, down 2.7 per cent from January's figure of 630,000.

But the decline only took the edge off an 11.1 per cent rise in sales in January. Sales of existing homes have shown signs of revival: the National Association of Realtors reports a 9.3 per cent rise in February.

The department reported that the stock of new houses for sale fell 4 per cent in February to 269,000, its lowest level since 1983. This stock represented only 5.2 months of sales, it said.

Median sale prices, however, dropped in February to \$117,000 (\$67,630) from \$123,000 in January, lower than a year earlier.

The recession-hit north-east showed the most vitality, with new home sales rebounding 14 per cent in February after seasonal adjustments to a level 40 per cent up on a year ago.

Canadian trawlers in fishing protest

By Ken Warr, recently in St John's, Newfoundland

A FLEET of Newfoundland and Nova Scotia trawlers is today due to claim two areas of the high seas for Canada. In protest at overfishing by foreign vessels.

The deep-sea trawlers, which left from St John's, Newfoundland, at the weekend, will anchor a fishing boat near the 200-mile limit in a symbolic assertion of rights over valuable fishing grounds.

Canada's continental shelf extends beyond the 200-mile limit at two points, the so-called Nose and Tail of the Grand Banks, east of Newfoundland. Canadian officials say this has left its fish stocks, which straddle the limit, prey to the unregulated activities of foreign vessels.

In February Canada reduced its quotas for northern cod in its own waters for this year to 120,000 tonnes from 185,000 tonnes, warning of environmental catastrophe unless catches were reduced and the stocks allowed to recover.

Ottawa has waged a long battle against the activities of European Community vessels beyond its territorial waters, directing its fiercest criticism against Spain and Portugal. However, many Canadian inshore fishermen say their own offshore fleet must take a share of the blame for overfishing.

The federal government is coming under political pressure to act against foreign vessels. Mr John Crosbie, fisheries minister, warned last week that Canada would press the issue hard at the Earth Summit in Rio de Janeiro in June.

Theoretically, fishing beyond the territorial limit is overseen by the North Atlantic Fisheries Organisation, of which both Canada and the EC are signatories. However, an objection procedure allows signatories to bypass Nafo quotas and set their own limits. Even these unilateral curbs are widely ignored, Canada claims.

Cheney runs into heavy flak on the home front

George Graham on opposition to cuts in Reserves

WHEN Mr Richard Cheney, the US secretary of defence, announced detailed plans to cut 234,000 troops from the Reserves and National Guard over the next five years, he stepped into a congressional hornets' nest.

Mr Cheney has been trying for three years, with severely limited success, to persuade Congress that it must allow him to cut reserve troop strengths in line with the 25 per cent reduction in overall force structure that he is trying to carry out.

But the reservists bring formidable firepower to bear: their National Guard component is organised state by state and falls under the authority of the state governors unless it is activated by the US president.

Led by Congressman Sonny Montgomery, a retired major general in the Mississippi National Guard, Congress has resisted making the cuts sought by the Defence Department and reduced spending in other areas of defence.

"In 1989 when we asked, they said no. In 1990 when we asked, they said no. In 1991 when we asked, they said okay, you can have half of what you asked for. Just because Congress says no doesn't mean it's a bad idea," Mr Cheney said, arguing that the cuts he proposes would save \$20bn (\$11.5bn) over the next five years.

US military strategy for the past 20 years closely integrated the reserves into a Total Force designed to head off a Warsaw Pact attack in central Europe, but the collapse of the Soviet Union has changed both the size and the type of military forces needed.

General Colin Powell, chairman of the Joint Chiefs of Staff, argues that he must be allowed to reduce the reserves along with the rest of the forces.

The proposed cuts would affect 830 Reserve and National Guard units, and no state would emerge unscathed. Army units would bear the brunt of the cuts, with much smaller cuts in naval and air force reserves. "I'd like to keep

every single one of them," Gen Powell said, "but I can't make that case. The geostrategic situation has changed in the world, and the fiscal situation has changed in the world."

The core of congressional hostility to the proposals is the financial and social importance of National Guard armories to local economies. "A local armory of 150 persons has a payroll of about \$2m a year," Mr Montgomery says. "By closing over 800 armories around the country you are certainly not helping us get out of the recession. These armories are the community centre, and these armories are really the best support that the active forces have."

But as Congress continues to demand a bigger "peace dividend", the Reserves may also have to suffer. "The Congress cannot have it both ways," Mr Cheney says. "They cannot tell us we have to cut the defence budget, and then object every time we move to cut the defence budget."

The Reserves have a chequered history. US presidents have often been reluctant to call them up, and when they have, the Reserves have often been reluctant to respond, according to a study of the Army Guard and Reserve by Mr Martin Binkin and Mr William Kaufmann of the Brookings Institution.

Their mobilisation before the US entered World War Two and during the Korean War provoked grumbling in the ranks and rancour in Congress. Partly as a consequence, when the US began to build up its involvement in Vietnam, President Lyndon Johnson decided not to call up the reserves and to rely on conscription. The National Guard became a paradoxical haven for those who wanted to avoid the war - such as Vice President Dan Quayle.

After the Vietnam War, the function, equipment and training of the Reserves were substantially upgraded as they were integrated into the new Total Force strategy. Reserve and National Guard units

became increasingly indispensable, with the Reserves providing most of the armed forces' capability in fields such as transport, supply and medical services. Some functions, like water purification, are entirely carried out by reserve units.

New legislation gave the president the power to call up reserve units for up to 180 days without congressional authorisation, although this power was not used before the 1990 Gulf mobilisation. In 1987, for example, six naval reserve minesweepers were deployed to the Gulf; most of the reserve crew members were left behind.

However, if the Gulf war provided the first sustained test for the Reserves, the lessons are mixed. Mr Cheney feels obliged to say that the 231,000 reservists called up "once again proved that they are an absolutely indispensable part of America's military force." Certainly, the perception that the heroes of Desert Storm has made the issue of reserve cuts even more sensitive.

Logistical units, as well as two field artillery brigades, were deployed in Saudi Arabia, but the army found that infantry and armoured reserve units were far from combat-ready. General Gordon Sullivan, the army chief of staff, now estimates that he needs as much as a year to get a reserve division up to full combat readiness, much longer than had been postulated under Total Force thinking.

It is argued that this kind of delay might be enough to face a resurgent threat from a power such as Russia, but it is inadequate to meet a sudden crisis, such as the Iraqi invasion of Kuwait in 1990.

In the meantime, Mr Cheney faces a hard struggle to overcome congressional opposition to these cuts. The recognition is spreading, however, that it is hard to cut the defence budget much further without also cutting reserve strengths, and this may be the year that his argument will prevail.

Haiti warns Aristide supporters

By Canute James in Kingston

HAITI'S military rulers have threatened to arrest parliamentarians who try to ratify an agreement which would let President Jean-Bertrand Aristide, overthrown and sent into exile in September, return to the country.

The threat follows a ruling by Haiti's supreme court on Friday that the agreement, negotiated a month ago by Mr Aristide, a group of Haitian parliamentarians and the Organisation of American

States, was invalid and could not be implemented.

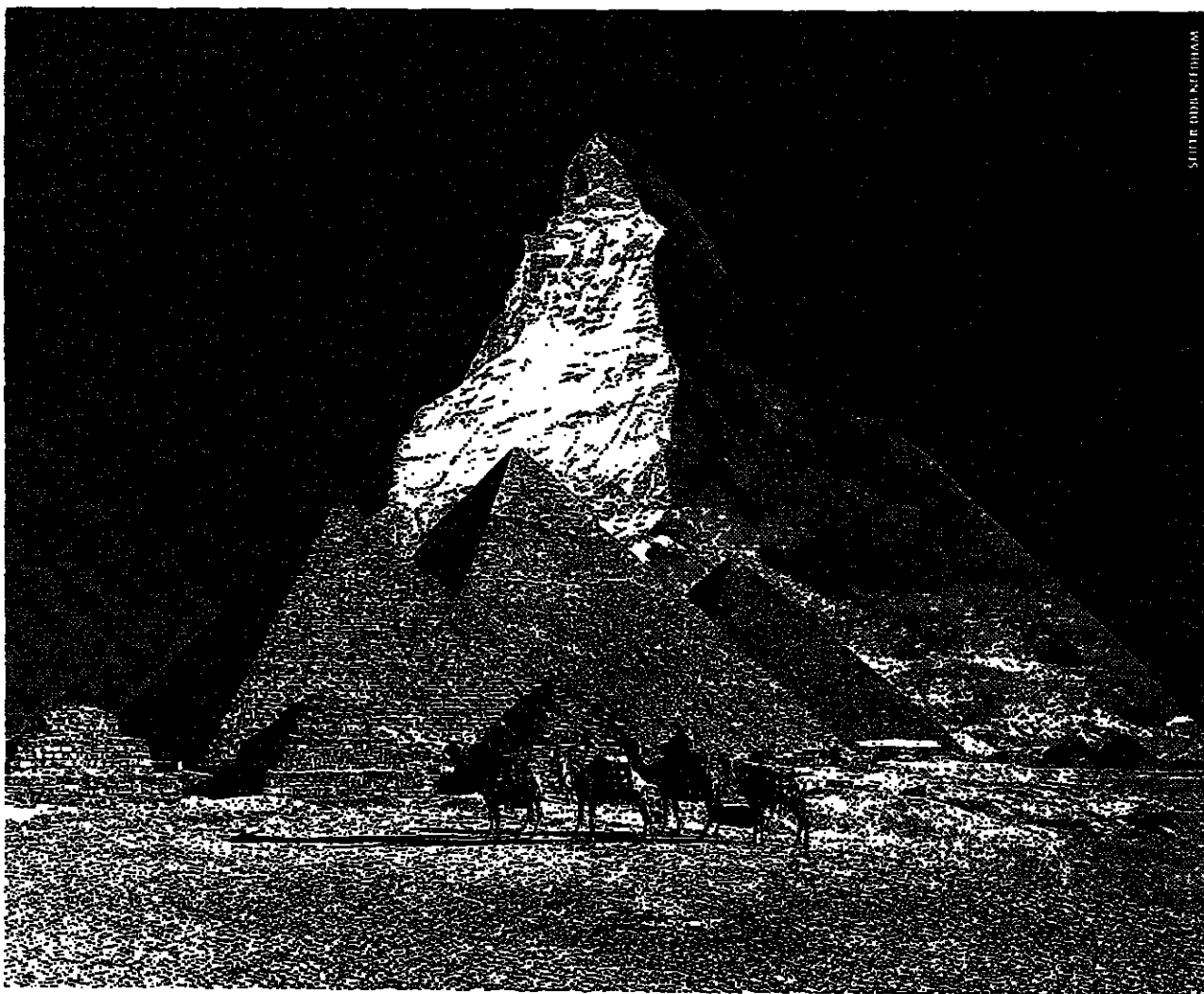
The court's ruling, following submissions by the army-backed government, and the subsequent threats to the legislators, has scuttled any hopes of an early return by Mr Aristide, and has strengthened the hand of the army in the Caribbean state of 6.5m people.

A statement on state-controlled television said any challenges to the court's decision would be "a grave crime of rebellion and outrage". It followed criticisms by some legis-

lators of the supreme court's decision, and indications that they were willing to convene a session of the assembly to ratify the agreement in defiance of the court's conclusion.

OAS members, including the US, are under growing pressure to rethink their policy towards Haiti. They have been embarrassed by the resilience of the military authorities in the face of an international economic embargo.

The OAS had placed much hope by the accord, which it brokered last month.



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NEWS: UK

Maxwell pensioners seek compensation

By Norma Cohen,
Investments Correspondent

BRITISH representatives of pensioners defrauded by Mr Robert Maxwell, who raided the pension schemes of his media empire to fund new acquisitions, are seeking compensation from the UK government under European Community law.

Pension fund representatives plan to force the government to pay compensation by bringing an action in the High Court claiming that Britain failed to comply with a 1980 European Community directive.

The directive, intended to

protect employees' pay in the event of an employer's bankruptcy, required governments to set up a compensation scheme.

However, the UK government has already turned down private attempts by representatives of Maxwell company pension schemes to secure compensation.

In recent weeks, solicitors for the pension schemes have met Mr Tony Newton, social security secretary, and Mr John Redwood, the trade minister, to ask for compensation on the grounds that government-backed self-regulatory bodies failed to regulate prop-

erly the pension funds' investment activities.

Imro, the self-regulator for the fund management industry, had authorised Bishopsgate Investment Management, a Maxwell-owned group, to manage the pension funds of other Maxwell-owned companies.

Imro "told us that as far as they are concerned, the City regulates itself," said a lawyer for one of the funds.

The funds claim the government bears some responsibility because pension funds are specifically exempted from the Financial Services Act, which set up the self-regulatory sys-

tem and because pensioners are excluded from the government-sponsored Investors Compensation Scheme.

Mr Ken Trench, chairman of the Maxwell Pension Action Group, said: "We had hoped that by now we would have had an indication that compensation was coming, but neither party has said anything that gives any real hope to the innocent victims."

Mr Trench said that of the £636m originally missing from the pension funds, £237m has been recovered by the provisional liquidator for BIM, while it was "hoped" that another £217m will be recoverable from

banks who obtained the securities as collateral for loans they extended to Mr Maxwell.

Meanwhile, solicitors for the new trustees of Mirror Group Newspapers Pension Scheme, Travers Smith Braithwaite, have produced a report evaluating potential targets for legal action. The new trustees are evaluating whether to pursue legal action against the former professional advisers to the scheme or its former trustees.

MGN's pension scheme currently has assets of between £115m and £150m, but needs assets of £315m to meet current projections of liabilities.

BRITAIN
IN BRIEFBBC teams up
with BSkyB on
soccer rights

British Sky Broadcasting and the BBC are teaming up to try to acquire television rights to the new Premier soccer league.

Negotiations for rights to the games of the new league of top soccer clubs in England are expected to get under way in the next couple of weeks.

BSkyB, a six channel satellite television venture in which Pearson, owners of the Financial Times, has a significant stake, has taken a strategic decision to make a major bid for exclusive live games. Under the arrangement the BBC would get the rights to highlight games and some live coverage.

Lending grows
at sluggish pace

Lending by Britain's banks and building societies continues to grow at a sluggish pace, according to figures released yesterday from the Bank of England and the British Bankers' Association.

The Bank of England's final monetary statistics for February showed that bank and building society lending increased by only £294m on a seasonally adjusted basis last month compared with earlier estimates of £400m growth and average growth of £2.6bn over the previous six months.

Fayeds try to
block action

The Fayed brothers renewed their attempt to block disciplinary proceedings launched against them by the City Take-over Panel following publica-

tion of a government report on their acquisition of the House of Fraser stores group in 1985. They asked the Court of Appeal to allow them to seek a judicial review of the panel's refusal in December to adjourn the proceedings, at which the central issue will be statements made by the brothers about the source of the funds used for the acquisition.

A similar application was refused by the High Court in January.

Supertram
wins approval

Britain's first supertram has finally been given approval by the government's railway inspectorate to start operating in Greater Manchester next Monday, after five postponements of the launch.



Supertram: on track

Metrolink, the £135m light rail system, will run on normal railway lines to the city centre, where it will take to the streets. The launch has been held up by a series of construction and operating problems, including a need for more training for drivers.

Telecom group
wins licence

National Network, a private UK telecommunications operator based in London, is to receive a full domestic telecommunications licence putting it in direct competition with BT and Mercury. The move by the Department of Trade and Industry to grant

the license makes National the first company to compete across the country with BT and Mercury.

Recession
hits leasing

Last year was the worst in living memory in the business leasing and leasing markets, according to the Finance and Leasing Association.

Lending for industrial plant and equipment fell by 51 per cent to £400m, while computer and office equipment lending was down by 62 per cent to £89m. Commercial vehicle leasing was down seven per cent to £700m, though it fell much less sharply than in 1990.

Tool output
falls 22%

Production of machine tools in the UK fell 22 per cent last year to about £730m - the lowest in real terms since 1984 - confirming the difficulties the industry has faced because of the recession.

The figure is the latest estimate from the Machine Tool Technologies Association, and is based on data for the first three quarters of 1991. The MTTA said a 16 per cent decline in 1991 exports, to £411.1m, was clearly "a matter of concern," although it should be viewed against the background of a 10.5 per cent fall in world exports of machine tools.

German-style
degrees planned

Four-year engineering doctorates, based on a German model and quite different from any existing postgraduate degree in the UK, are to be introduced at three British universities.

The new degree, to be known as EngD, has several features distinguishing it from the traditional three-year engineering PhD which consists almost entirely of supervised research.

Therm replaced

British Gas will change the gas measure it uses for customer bills from therms to kilowatt hours from the beginning of April in line with the rest of Europe.

UK insurers
begin trading
electronically

By Richard Lapper

INSURANCE brokers yesterday placed risks electronically with underwriters at both Lloyd's of London and London market companies for the first time as the Electronic Placing Support system (EPS) came on stream.

Combined with the existing electronic claims payment, accounting and reinsurance systems, the system is expected to improve efficiency at the market.

Mr Steve Abrahams, underwriting manager of Sun Alliance, who insured one of the first pieces to be offered electronically yesterday, said: "It will cut out a lot of administrative work and is a major step forward."

Both underwriters and brokers stress, however, that unlike on the stock market electronic placement will not end the need for face to face negotiation of more complex larger risks.

Mr Max Taylor, chairman of London Network Management Committee, who has co-ordinated links between Lloyd's and London market companies, says face to face negotiation will remain an important part of trading.

At Lloyd's more than 100 of the market's 278 syndicates and more than 80 per cent of the market's capacity are taking part.



River traffic: the catamaran service, pictured passing through London Bridge, expects to expand despite difficulties

Riverbus 'to expand' despite O&Y problems

THE company running London's riverbus service said yesterday it was pushing ahead with its expansion plans in spite of the financial difficulties surrounding its owners, property developers Olympia & York (O&Y), writes Jimmy Burns.

Mr William Edgerley, managing director of the Riverbus Company said O&Y had

reassured the company about its future. The company declined to give details of the partnership agreement between Canary Wharf's developer O&Y and the developer of Chelsea Harbour, the property division of P&O. It is understood P&O manages the company but has no liabilities. Mr Edgerley added that Riverbus was

taking delivery soon of two new 62-seater catamarans, and planned to extend its services at weekends by mid-April.

The service in the 1980's and after running into financial problems was taken over by a consortium of property developers - finally reduced to a partnership involving O&Y and P&O.

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ELECTION 1992

Major comes clean from atop his soap box

By Alison Smith

A VIVID DEPICTION of the "nightmare on Kinnock Street" that a Labour administration would mean for British families marked the adoption yesterday by Mr John Major of a tougher campaigning style.

He told 1,000 Tories at a rally in Birmingham: "Don't believe for a second that it doesn't matter who wins. It matters desperately. It matters to Britain and it matters to you."

He balanced the negative pic-

ture of five years of Labour with his own vision for the UK, and urged people to take pride in the achievements of the 1980s under Mrs Thatcher's leadership. "You shouldn't feel guilty about being successful," he said. "You should be proud."

The hard-edged approach was apparent earlier when he again took to his soap box on the streets of Cheltenham to underline his warning that the choice at the election was crucial.

Party aides emphasised that the decision to use the soap box was Mr Major's own, and he later confirmed that it was reminiscent of his early years in politics in Brixton.

"It's fashionable to say that for security and other reasons you can't get up on a soap box, but I think you have to and I'm going to do it," Mr Major said.

This further change of tactic in the last full week before the election follows renewed criticism of a lacklustre Tory campaign.

Bringing together the contrasting effects on an ordinary family of five years of Labour or a further Tory term at the rally, Mr Major highlighted the difference on inflation, taxes, choice in schools and wider home ownership.

On that last point, he implicitly admitted the impact of the recession but held out the prospect of better times ahead.

"Though there are difficulties and sacrifices, it will in the end be worth it. Strong recovery will mean a pick-up in the

housing market and there will once again be a strong demand for property on sale."

He also underlined the Tories' commitment to a strong pound, while Labour would mean "the pound written down and devaluation back on the agenda."

Warning people not to fall for the "socialist con trick" of feeling uneasy about what they had achieved, Mr Major pledged that under the next Conservative government everyone would "keep and

increase the wealth your hard work has earned". This was, he said, "power to the people" — opening the doors that socialism holds shut.

Mr Major's performance in Cheltenham promenade was his second soap box speech over the past few days.

On a packing case provided by Tory Central Office, he harangued a largely docile crowd and engaged in some badinage with the few hecklers.

To someone shouting "Rub-

bish!" to his assertion that Labour would cost the average taxpayer an extra £1,350 a year, he replied: "Rubbish promises, but the taxes would be real enough."

His impromptu performance was effective, but one or two lines may still need polishing.

"Where was he during the last Labour government?" Mr Major asked about a heckler who queried his estimate of higher taxes under Labour. "In work!" came the response from another voice in the crowd.

Dewar denies delay in devolution

By James Buxton, Scottish Correspondent

THE LABOUR party in Scotland yesterday denied Scottish National party charges that it was backtracking on its promise to create a Scottish parliament as soon as possible after it was elected.

Mr Donald Dewar, shadow Scottish secretary, said a Scottish parliament could be established in the autumn of next year. Legislation would be announced in the first Queen's Speech of a new Labour government and would be passed by July of next year.

Mr Dewar was responding to a claim by Mr Jim Sillars, SNP deputy leader. He quoted Mr Neil Kinnock, the Labour leader, who said on Friday that the Scottish parliament would be created in 1994.

Mr Sillars pointed to Labour advertisements saying "a Labour government this year, a Scottish parliament next year."

He warned people not to trust Mr Kinnock — the Labour leader had always opposed devolution and would find some way to wriggle out of the commitment, he said.

Mr Dewar said that once the act setting up a Scottish parliament was law in the summer of next year, the procedure for setting it up would begin and elections would be held with time allowed for the parties to campaign. "This can be achieved in 1993 with election being held in the autumn of that year," he said.

Meanwhile, Mr Menzies Campbell, Liberal Democrat MP for Fife North-East, said a Scottish parliament would be law within six months of a election victory by Mr Paddy Ashdown.

Kinnock mocks 'absurd' claims over tax plans

By Ivo Dawday and Ivor Owen

MR NEIL KINNOCK yesterday dismissed Tory attacks on Labour tax plans as "a little pathetic", claiming they reflected mounting despair in government ranks.

Visiting a shopping complex in Dudley, West Midlands, the Labour leader said repeated charges that his manifesto commitments would require £38bn in additional spending had been judged "absurd" by independent commentators.

He added: "Every time they repeat these ridiculous figures, the level of absurdity rises."

Insisting that he would not lift basic tax rates, Mr Kinnock said it was not in Labour's interests to alienate voters. "The idea of us waiting to pile a great burden of taxation on the British people is patent nonsense," he said.

Labour used its morning news conference in an attempt to "spoil" the Conservatives' expected return to the tax issue. Last night, in a party election broadcast on the issue, Mr John Smith, the shadow chancellor, sought to give a reassuring account of the effects of his shadow Budget.

Labour yesterday produced calculations of the combined effects on a range of households of its policies on tax, National Insurance, rates, child benefit and pensions to back its claim that eight out of 10 families would be better off under its plans.

Asked whether any rise in

public spending would be possible in the light of recent analysis of revenue and expenditure forecasts, Mr Smith said published figures did not suggest spending cuts would be necessary. "I am going on the assumption that the published figures are correct," he said.

Mr Smith later seized on what he claimed were contradictory statements from Mr John Major, the prime minister, and Mr Norman Lamont, the chancellor, over Conservative tax aspirations and the implications of Mr Smith's shadow Budget.

He contrasted Mr Major's statement that progress towards a 20p basic rate would be made "year on year" with a comment by Mr Lamont that there was "very little room for manoeuvre at all" for tax cuts in the years to 1996-97.

The emphasis throughout the day was on the caution of Labour's programme, with Mr Smith insisting that prudence had persuaded him to limit his spending plans in the light of the gloomy economic outlook.

Last night's broadcast was made by Mr John McGrath, whose long career in directing and writing for television included the police series Z Cars.

Tomorrow, Labour will stage what is promised to be one of the biggest political rallies held in Britain. More than 8,000 Labour supporters are expected at an arena in Sheffield for videos, live music and a key campaign speech by the party leader.

Public sector pay gains lost ground

By Michael Smith, Labour Correspondent

THE underlying assumption of the electoral debate surrounding public servants' pay is that they invariably fare less well in settlements than the private sector. But in recent settlements they have done comparatively well.

With effect from tomorrow, 1.5m public sector workers whose earnings are determined by government-appointed review bodies will receive rises averaging 6.5 per cent. Private sector settlements are running at between 4 and 5 per cent.

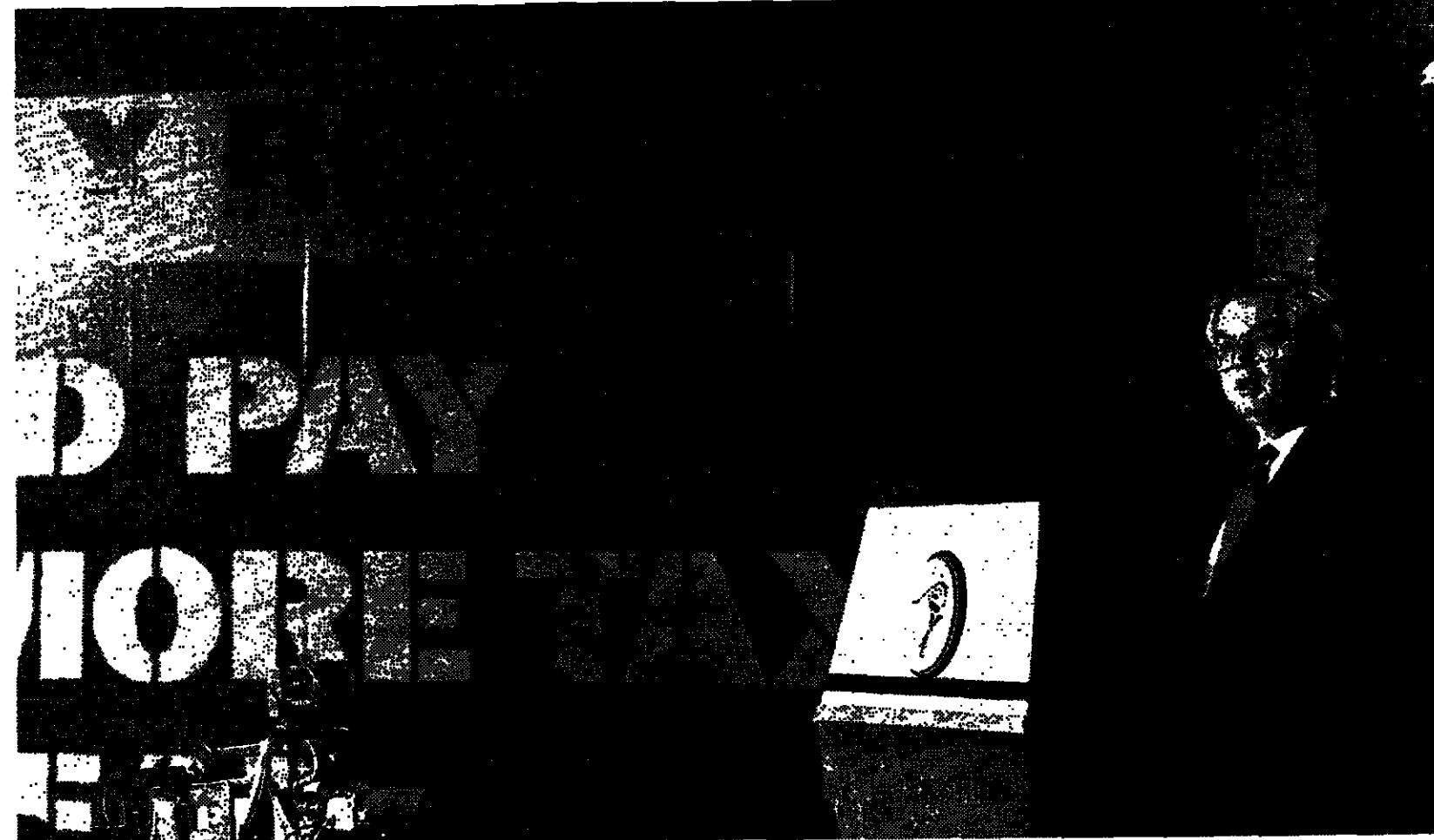
Most public servants tend to win lower rises than their colleagues covered by review bodies. Nonetheless this year average gross weekly earnings in

the public sector are expected to overtake those in the private sector.

An analysis by the Public Finance Foundation shows that the rise in public sector pay was 2.5 percentage points above private sector settlements in 1991-92. It predicts a 1 percentage point advantage in 1992-93.

This will restore public sector earnings to where they were relative to the private sector 20 years ago, according to the foundation's analysis. However, different groups in the public sector have fared markedly differently in recent years.

Since 1979, nurses and police officers have done comparatively well, while Civil servants and BBC workers have been less fortunate.



Gathering gloom: Norman Lamont continues the Conservative attack on Labour's tax plans at his party's morning press conference yesterday

Unpalatable truth sinks in at Central Office

By Edward Balls

AN UNPALATABLE fact has sunk in at Conservative Central Office: in the propaganda war over taxes and middle-income voters, the government was outstaged by Labour's shadow Budget and has failed to regain the initiative.

The Tories must persuade these lower-income and middle-income voters that Labour is the party of high taxation. But Labour has ensured that these voters gain more from its Budget package of benefit and tax increases than from the Conservative Budget.

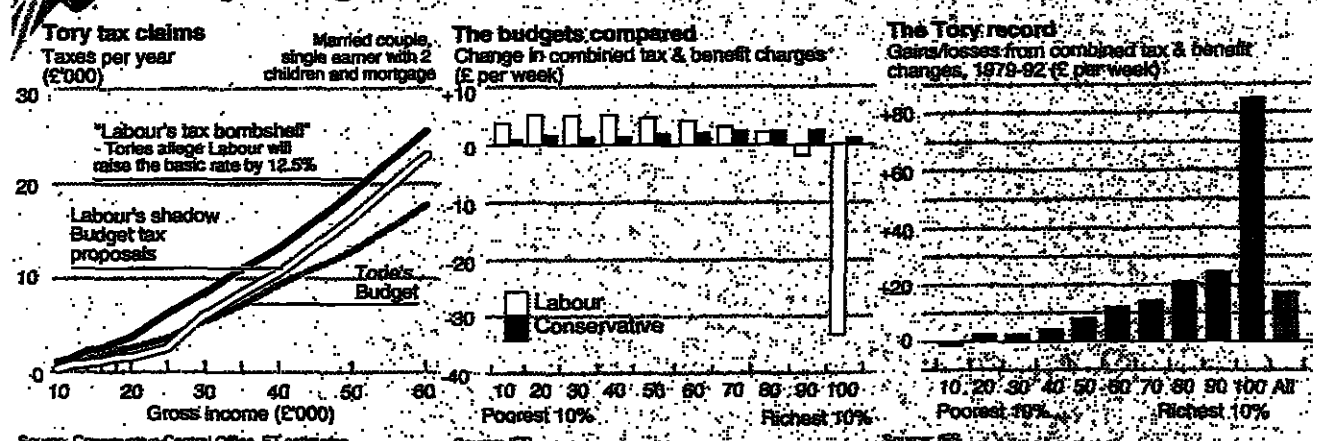
Moreover, by releasing the precise details of its tax and spending assumptions Labour has ensured that their impact can be independently verified.

Labour can both assert that eight out of 10 families will gain from its Budget and cite the Institute for Fiscal Studies as the source of this claim.

The IFS analysis shows that the majority of families will be better off under Labour than the Conservatives. The richest 10 per cent of the population will be much worse off with Labour's top tax rates. But they would still be taxed less than they were in 1979.

The Tory strategy relies on persuading the electorate that Labour's plans are not what they seem. Yesterday they relaunching their "Labour's tax bombshell" campaign, claiming

Competing "truths" about taxes



that Labour plans to increase the basic tax rate from 25p to 37½p.

Conservative Central Office claims to have discovered 37 uncosted spending pledges in Labour's manifesto which it believes add up to an extra £37.5bn annually by the last year of a full parliament, at current prices. They then assume that Labour plans to finance this extra spending by raising the basic rate of tax.

Labour denies this will be the case. Its shadow Budget pledged only £3.3bn of extra spending in 1993-94 and £8.5bn in 1995-96 — mainly on higher pensions and child benefit — financed by a 19 percentage point increase in the top marginal rate of tax. Extra spending would be permitted only as economic growth allowed.

The Conservatives have to persuade the voters that Labour will not be able to contain its spending ambitions. It can only succeed if the gains from Labour's Budget can be persuaded that they will actually be worse off under Labour.

If the Tory claims are true, extra tax would be paid by lower-income and middle-income earners. A married couple with two children on £14,000 a year would lose £557, while the average Sun-reading family earning £14,200 would be £597 a year worse off.

Labour has also supplemented its analysis with specific examples designed to show its proposals in the best light. Labour tends to focus on families with two moderate income earners because the rise in higher tax rates hits single-earner families harder.

The "Robinsons in Hampstead", for example, have two children and a combined income of £43,500. If this gross income is earned equally by the two parents the family is more than £150 a year better off under Labour. But a single-earner family with an income of £40,000 a year would lose under Labour. Tory tax comparisons always highlight single-earner families.

The opinion poll evidence suggests that the Tories' "bombshell" has failed to explode, in spite of repeated launches. The problem for the Tories is that both parties have made promises during the campaign which they will find difficult to keep over the next few years. Labour's aim to increase public spending does not look any more or less realistic than the Tories' desire to cut taxes.

Yesterday Mr Major said that the government plans to "make progress — year by year — towards a 20p basic rate for all" by increasing the width of the new lower tax band. Yet the government's Budget plans allowed no room for tax cuts until 1995-96 unless it were to cut spending or increase borrowing further.

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THE ISSUES: AGRICULTURE

Farmers straying from the Tory fold

FARMERS have traditionally voted for the Tories, but there are signs that the recession has caused some to switch their allegiances.

The battle for the farming vote is usually a two-horse race between the Tories and the Liberal Democrats. A poll conducted for Big Farm Weekly by Mass Observation UK earlier this month suggested that in the coming election one in four farmers will vote Liberal Democrat compared with only 13 per cent in 1987. The poll of 502 farmers showed the Tory share of the vote down from 83 per cent in 1987 to 63 per cent.

Only 2 per cent of voters work on the land, but they could be vital to the outcome in several constituencies, according to Mr Richard Howarth, lecturer in agricultural economics at Bangor University College. "There are some very marginal seats where quite a small number of voters could influence the outcome," he says.

For example Cambridgeshire North-East has a Tory majority of 1,428, while 15 per cent of the electorate is involved in agriculture. Hereford has a similarly slim Tory majority, with 8½ per cent in farming.

Mr Howarth points out that the Liberal Democrats have a lot of marginal seats, including Brecon and Radnor, which they hold by 56 votes, the smallest majority in the country. "In a closely fought election the Liberal Democrats have to keep sweet with the farmers," he said.

Scottish and Welsh nationalists are complicating the picture. Galloway and Upper Nithsdale, one of the most agricultural seats in the UK, is held by Mr Ian Lang, the Scottish secretary, with a majority of 3,673 over the Scottish National party, which is keen to regain the seat.

Tory concern over the farm vote appears to have been growing for several months. At two important agricultural gatherings Mr John Major, the prime minister, urged farmers

to get closer to the market, warning that the present level of price support was simply not sustainable.

He was unable to offer solace on the two biggest areas of concern and uncertainty for farmers — the proposed reforms of the European Community's Common Agricultural Policy and the talks on Gatt — the General Agreement on Tariffs and Trade.

Mr John Gummer, the agriculture minister, may not have had a good press in his struggles with CAP complexities. But he has won grudging respect for his defence of the industry.

Most farmers are under no illusion that an agriculture minister of another political colour could do any better. Mr Martin Howarth, National Farmers' Union head of international affairs, says it would be very difficult for a UK minister to trade agricultural reform against another issue.

The Tory manifesto — which devotes more space to agricul-

ture than those of the other main parties — promises to "redouble our efforts to reform the CAP" and "stoutly defend the interests of British farmers and consumers". It points out, however, that pressure to reduce protectionist measures and the need to contain the cost of the CAP mean farmers will face reduced support and increased competition.

The Liberal Democrats also say they will work for fundamental reform of the CAP. They want to increase direct aid to farmers and make incentive payments for environmental objectives. "In particular for extending food production (using land less intensively), and reduced-input and organic farming."

Labour promises a Department of Food and Farming and pledges to replace production subsidies with "green" premium payments to promote environmentally sound management of the countryside. It believes changes in the wasteful CAP "can help finance other Community projects".

All three parties support the Rural Development Commission, and include measures to improve the environment and conservation.

Owners of large farms are concerned that proposed changes to the CAP will be unfavourable to them. Mr Ray MacSharry, the EC agriculture commissioner, is committed to reforms that will support "rural communities which have no viable alternative to agriculture", which in effect means smaller farmers, mainly in continental Europe.

Mr Howarth points out that this has divided the farm lobby. The Farmers Union of Wales is keen on the MacSharry proposals while the NFU would prefer to reform the CAP through a supply-management system and the Country Landowners' Association is against production controls. "They are all taking a different line," said Mr Howarth. "For the first time the lobby is not united."

David Blackwell

King attacks defence 'deceit'

By David White, Defence Correspondent

EFFORTS BY the Conservative party to raise the profile of defence as an election issue were foreshadowed yesterday by Mr Tom King, the defence secretary, who accused Labour of "spinning webs of deceit" about its plans.

The Conservatives are expected to use their party election broadcast on television tonight to focus on defence policy, which was seen as a weak point for Labour in the last two general elections.

Mr King, speaking at the Royal United Services Institute in London, yesterday accused Labour of setting out to say as little as possible about defence in its manifesto.

A Labour government, he said, would imply the "whole-sale closure" of military units and factories and could destroy a number of defence companies. Labour's proposed Defence Diversification Agency was a "piece of Elastoplast

designed to cover the gaping wound which would be caused by the cancellation of a lot of projects". The idea that it could immediately replace the jobs lost was "manifest nonsense".

Another defence review, proposed by both Labour and the Liberal Democrats, would be "the worst thing you could possibly do at this time and the cruelest thing for people in the armed forces" following the Conservative government's Options for Change reforms.

The Liberal Democrats plan to halt the signing of new equipment contracts while a review was under way was "grossly irresponsible", he added, and could be "the final straw" for many suppliers.

Mr King ruled out a further round of cuts if the Tories were re-elected. "The Options for Change review was properly funded, more than had perhaps been the case for many years, and was standing the test of time, he said. "We're set on our course now," he added.

Quotes of the day

Guts? The Liberals? Margaret Thatcher

We couldn't believe it when his letter arrived. My goodness, 10 Downing Street — it's really something. Lynda Laurence of the Supremes, on receiving a fan letter from John Major

If you haven't seen the back of Stoke-on-Trent on a wet Wednesday, you haven't lived. John Major, talking about a canal boat holiday

Of course, Labour says that education is a priority, but with Labour no priority is ever a commitment. Paddy Ashdown

Thirteen years ago the Conservatives promised they would raise education standards. Thirteen years on they have failed. Jack Straw

Essex man will vote for a Conservative government. Margaret Thatcher on walkabout in Maldon

In the unlikely consequence of our vote collapsing we have no right to be involved in talks. Gerry Adams

Every time they repeat their ridiculous figures, the level of absurdity rises. Neil Kinnock answering Tory attacks on the shadow Budget

When they're kicking out big brother everywhere else we're not going to let little brother come creeping back here. John Major



"Our commitment to the classless society should appeal to the C2s"

ELECTION 1992

Thatcher gets out the clubs at the 19th hole

By David Owen

MRS Margaret Thatcher rounded off her part in the election campaign in Essex yesterday, urging voters to elect a majority Conservative government but leaving listeners in no doubt of her less-than-wholehearted endorsement of her successors' appetite for borrowing.

In a vintage but slow-starting speech at a packed Chelmsford golf club, she appealed directly to voters' pockets, arguing that "the best

hope" for lower interest rates was "a good, sound Conservative majority". The only alternative, she warned, was "a socialist Labour government consisting of the Labour party and the Liberals which would be socialist. It is socialism that is falling the world over... just when it is falling the world over, we don't want it back here in any of its guises - full-blooded or wet."

In an address which at times took one back 10 years, the former prime minister, dressed in Tory blue,

splashed vitriol at the EC social charter "from socialist Delors and a totally non-elected non-accountable commission", and defended her National Health Service record.

The social charter's European advocates wanted to "saddle" British employers with costs similar to those which they had to bear, she argued, in order to remain competitive. Family credit was a better way of supplementing the incomes of the low-paid because it did not add to industrial costs. "We have different

ways of doing things," she proclaimed. As in her previous campaign speeches, however, Mrs Thatcher's main theme was the necessity of "sound finance" in government. Without it, she said, the Falklands campaign of 1982 could not have been financed from the government's contingency reserve. Her government "did not have to borrow a penny-piece for four years in order to meet our outgoings".

In an especially pointed rejection of the Keynesian economic theories that appear to be regaining currency, she recalled that her first government had been "very very tough" about not raising public spending "although when you have a recession expenditure rises and income doesn't".

She said: "To coin a phrase, you have to say no, no, no. And to coin a double phrase, you have to go on and on and on saying no, no, no." Questioned later as to whether any of the three main parties currently espoused "sound finance", she responded: "We are in trouble if they don't." She added as an afterthought: "I think we are the only one which does."

What developed into an ebullient and punchy address had got off slowly with Mrs Thatcher having to cope with the first of several rounds of applause from her well-behaved and well-behaved audience. "Come on, clap! aren't you pleased with me?" she asked. The roar which followed gave her the answer she required.

LABOUR yesterday fiercely attacked the Tories' record on education and said additional annual spending of £600m would raise standards for every child, of every level of ability, Andrew Bolger writes.

Mr Jack Straw, shadow education secretary, said reading standards had gone down since 1987. "From the Tories we've not had standards, but double standards - a few children in opt-out schools and city technology colleges favoured, while the needs of the rest are neglected."

Labour promised to set and achieve ambitious targets to secure a nursery education for every child whose parents wanted it, and to raise the staying-on and achievement rates for pupils over the age of 16.

Straw condemns education record

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Mr Jack Straw, shadow education secretary, said reading standards had gone down since 1987. "From the Tories we've not had standards, but double standards - a few children in opt-out schools and city technology colleges favoured, while the needs of the rest are neglected."

Adams warns on Ulster talks

MR GERRY ADAMS, president of Sinn Féin, the IRA's political wing, yesterday said that if the party gained good support at the election and was still excluded from the talks on Northern Ireland's political future, "the answer is self-evident. Who can blame young people who see the only way forward as armed struggle?"

Launching the Sinn Féin election manifesto, Mr Adams, MP for West Belfast, said: "We are seeking a mandate for real talks for a real peace process, not for continued division, not for more dead but an end to all killing, not for war but for talks."

Stockport swing

LABOUR will capture Stockport from the Conservatives with a swing of nearly 7 per cent, according to a poll in last night's Manchester Evening News. Stockport was near to mirroring the national result at the last election, when Mr Tony Blair, the anti-EC Conservative, took 41.4 per cent of the vote against Labour's 35.3 per cent and 22.1 per cent for the SDP Alliance.

Labour optimism surges in Lancashire

By Roger Matthews

A SURGE of optimism is spreading among Labour party workers in north east Lancashire as they claim to detect increasing evidence of their ability to capture several Conservative marginals.

Hyndburn, based on the old Accrington seat, and Pendle, formerly Nelson and Colne, are vulnerable to swings of 2.3 per cent and 2.6 per cent respectively and seem almost certain to fall to Labour. The defending Conservatives, Mr John Lee in Pendle and Ken Hargreaves in Hyndburn, are campaigning heavily on their local appeal and achievements while in office.

Labour workers in both constituencies were yesterday expressing what appeared to be genuine surprise at some of the canvass returns.

Mr Tim O'connor, the experienced Labour agent in Nelson, yesterday used the emotive word "landslide" to describe returns from what he said were wards with mixed voting records. An unscientific straw poll in Colne by reporters from the Nelson Leader four days ago showed similarly strong support for Labour.

Mr Gordon Prentice, the Labour candidate, was more cautious but believed that he was on the road to victory.

Mr Greg Page, who is standing for Labour in Hyndburn, is forecasting victory by at least 3,000 votes based on canvassing returns which rated all undecided voters as non-Labour.

There has also been a slight but distinct shift of attitude among Conservative party workers. Two weeks ago the mood was relatively positive. But expressions such as "we have not given up hope" have now begun to slip into assessments of party prospects.

The vulnerability of Hyndburn and Pendle increases doubts about the ability of Mr David Trippier, the environment minister, to retain Rosendale and Darwen, where a 4.2 swing to Labour is needed to unseat him.

Labour is feeling sufficiently confident of holding on to nearby seats such as Blackburn and Burnley to begin switching workers to these marginal Conservative constituencies.

The bookmakers have few doubts about voting trends. William Hill has Labour 4-9 on to win Pendle with the Conservatives at 15-8 against and Liberal Democrats at 8-1. Mr Page is quoted at 2-7 on in Hyndburn. But few fortunes are likely to be made. The betting shop manager in Nelson said no one had yet placed a bet on the result.



Making their Marx: a crowd of vociferous leftwing demonstrators gathered outside Conservative Central Office in London during yesterday's Tory press conference on taxation

Ashdown campaigns for the positive vote

By Ralph Atkins

MR PADDY Ashdown last night attacked head-on the charge that a Liberal Democrat vote was a wasted vote and predicted that neither Labour nor the Tories would govern Britain alone if their vote fell as low as 38 per cent.

At a rally in Rochdale, Lancashire, Mr Ashdown sought to build on the advance in his

party's poll standing, saying: "It is the Liberal Democrats who can make the difference in this election."

Pre-empting the counter-attack he expects from the Conservatives, the Liberal Democrat leader said it was "nonsense" to say a vote for his party would let Labour in - he cited Rochdale as an example, where the retiring Liberal Democrat MP, Sir Cyril

Smith, had kept Labour out. "A vote for the Liberal Democrats will stop a repetition of the poll tax and stop Labour's renationalisation plans. A Liberal Democrat vote is a positive vote."

Earlier Mr Ashdown came the closest yet to forecasting a coalition government. He said: "It seems to me practically inconceivable that someone would seek to govern the country on 37 per cent or 38 per cent of the vote."

Liberal Democrat strategists are privately jubilant at the apparent dip in Labour and Tory support and their own upswing. But they were forced to counter reports of divisions in the party over the timetable it would insist on for electoral reform - the absolute pre-condition for their support.

They said a promise of legis-

lation in the Queen's Speech for a system based on proportionality remained essential.

Mr Charles Kennedy, party president, and Mr David Steel, former Liberal leader, had appeared to indicate at the weekend they might accept a slower process.

Mr Ashdown - who is determined to avoid Liberal Democrat policies becoming overshadowed by detail, but so

far hypothetical, arguments about PR - is publicly indifferent about whether a pact is more likely with Labour than with the Tories. Yesterday he hinted he may find it easier to work with Conservatives on a pro-European policy.

"John Major would have no difficulty in ditching the (Maastricht) opt-out and make it clear that he is going for monetary union," he said.

THE ISSUES: EUROPE

Burning issue that fizzled out in Maastricht

MR Paddy Ashdown's weekend trip to Boulogne was a rather desperate attempt to remind voters that Europe is an election issue: one on which he believes his party, with its unashamedly federalist programme, has an advantage.

That voters should need reminding of the European issue would have seemed extraordinary six, or even four, months ago, when it was widely expected to be central - possibly decisive. The desire to avoid that may have been one reason for the prime minister deciding not to call the election last autumn.

Certainly Mr Douglas Hurd, the foreign secretary, made no secret of his preference for delaying the election until after the Maastricht summit in December. He felt that having the election still to come strengthened his negotiating hand - because, he believed, "none of the people round that table [Britain's European partners] seriously want to see a Kinnock government".

Had the election been held in the run-up to Maastricht, Britain's negotiating stance would almost inevitably have become an election issue, with

opposition parties claiming that the government was isolating Britain and wrecking the EC by its opposition to monetary and political union and to the "social chapter".

The battle lines would have been similarly drawn now, and the argument probably even fiercer, had Maastricht ended in failure. The Conservatives would have been obliged to fight the election as, in effect, the anti-European party.

But an agreement at Maastricht could also have posed problems if, for example, Mrs Margaret Thatcher had led a significant backbench revolt.

In the event, by existing the word "federal" from the treaty's preamble, by persuading his partners to adopt the social chapter as a separate protocol to which Britain is not a party, and by inserting an "opt-out" clause for monetary union, Mr Major kicked the European football into touch.

Only seven Tory MPs, led by former party chairman Mr Norman Tebbit, voted against the Maastricht agreement on December 19, while Mrs Thatcher and 23 others abstained or did not vote.

Both Mr Tebbit and Mrs Thatcher have now retired from the Commons, but both are actively supporting the Tory campaign. The constituencies in which they appear tend, not surprisingly, to be those where the Conservative candidates share their views on Europe, but that issue is not emphasised in their speeches.

Still less does it seem to be uppermost in the minds of the voters. Last Thursday, when Mr Tebbit was in Grays, Essex, questions focused almost exclusively on the health service, more especially on the closure of wards at the local Orsett Hospital.

Only a question from the Financial Times obliged Mr Tebbit to mention Europe. "I felt, at the end of the day," he said, "that I couldn't support the government on the outcome of the Maastricht negotiations, but I have made it plain that I think it was a very good rearguard action."

Mr Tebbit expressed anxiety, however, that "in the event of a Labour government or a Lib-Lab pact", Britain would accept "a whole range of measures to give trade unions greater power", which parliament would not be able to repeal because they would be part of EC law.

Mr Tim Janman, the candidate Mr Tebbit was supporting, passes this test without difficulty. His campaign newspaper carries an endorsement from Mr Enoch Powell: "With all the big parties poised to give away parliament's power to manage Britain, the electorate has still one weapon left. Vote for the candidate whose record, like Tim Janman's, proves he will defend your rights."

Mr Janman abstained in the December vote ("John Major did get a good result at Maastricht: I felt it would have been unkind to vote against John"), but says he would "probably" vote against ratification of the treaty if he is re-elected.

It is a considerable "if". He is defending a majority of only 690 in Thurrock, which used to be a Labour seat, and his views are not precisely calculated to win over middle-of-the-road voters.

The only point in his campaign literature which could perhaps be construed as a favourable reference to Europe is the statement that he "believes in chemical castration for premeditated rapists and sex offenders (as in the USA and Europe)".

He does not specify in which European countries this enlightened practice has been adopted.

His Labour opponent, Mr Andrew Mackinlay, is a self-styled European "zealot" who last year staged a mass signing of the Social Charter as a tongue-in-cheek contribution to the "Euro Week" organised by Essex's Tory-controlled county council.

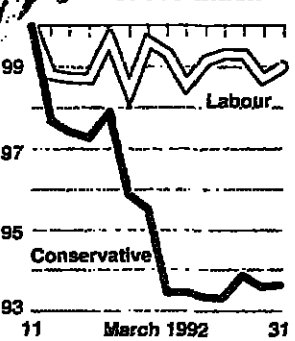
Mr Janman attracted attention last year when he described Mr Jacques Delors as "the devil incarnate of European politics" and warned immigration officials to "be on the lookout for a short, bespectacled, horrid little French socialist coming to Britain for subversive and treasonable motives".

But even he seems mildly embarrassed by the views of his agent, Mr Ted Attewell, who says that if the pound is sacrificed there should be "a revolution, and people's courts to try those responsible and execute them for high treason".

Those may be considered authentic views of "Essex man". But the issue is not a burning one for most voters in Essex. Or, probably, anywhere else.

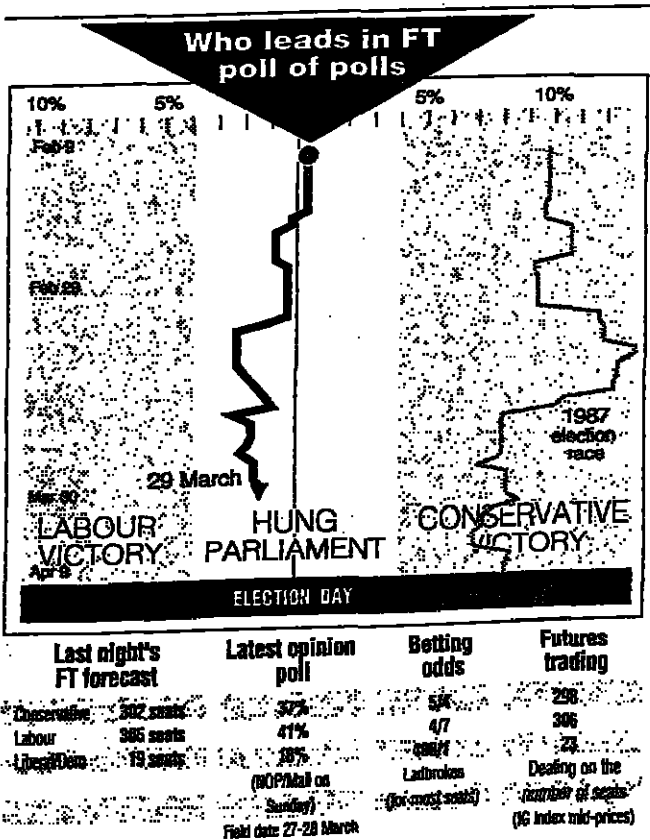
Edward Mortimer

FT Election Share Index



● Labour win/Conservative defeat stocks.....99.00 + 0.32
● Conservative win/Labour defeat stocks.....93.63 + 0.03
● FTSE (rebased).....97.31 + 0.20

THE trend of the past two weeks reassured itself yesterday. "Labour gainers" rose by more than the rest of the big companies, as represented by the FT-SE 100 index. "Conservative gainers" were almost unchanged. Labour gainers are only one point below the level at which the campaign started but Tory gainers are more than six points below their starting level.



* Weighted average of six most recent opinion polls computed daily. Does not include telephone polls, panel polls and those that omit sample size or field dates. The graph compares the parties' lead at similar points in the last campaign. The middle line marks level-pegging. If the black line moves left, Labour leads. The Tories lead if it goes to the right.

Margaret keeps her hair on

Mrs Thatcher's triumphant progress through Essex ran into a technical hitch yesterday at the venerable Maldon Crystal Salt Company. Assistants were horrified to note that the former prime minister was to be escorted through a steam-filled evaporation room. "It's going to wreck Mrs Thatcher's hair," exclaimed Ms Elizabeth Buchanan, her constant campaign companion.

The trained chemist took her minions' advice with a large pinch of Maldon's finest and strode fearlessly into the industrial sauna regardless. As she stepped into her waiting limousine some 15 minutes later, the Thatcher bouffant appeared to have escaped unscathed. The lady still walks on water.

Hopping mad

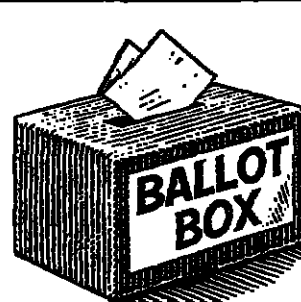
One party not doing any knocking in the election -

and that includes knocking on doors - is the Natural Law Party. Instead, they are transcendently meditating for victory and holding a series of press conferences this week in Manchester, Skelmersdale - home of the Maharishi's Golden Dome - Liverpool and London.

The 11-day-old party is fielding 311 candidates, each accomplished in "yogic flying", or levitation, and is certain it will form a minority government on April 10 with 310 members. It cannot have 311 because one candidate, Peter Leadbetter, is standing in both Chorley and Fylde and will have to step down from one of them after his dual victory, causing an immediate by-election.

"Standing in more than one constituency is legal, but representing more than one isn't," David Saunders, the candidate for Stockport, told the media audience of three in Manchester yesterday.

The 17 candidates on display declined to demonstrate yogic flying because the carpeted floor at the Midland Hotel was considered too hard. World harmony is too poor at present to allow anything more than what NLP members call "hopping".



Saunders said people can take off all right, but they keep crashing down to earth.

Spring in step

Dick Spring, the leader of the Irish Labour Party, has been drafted to rally the Irish vote for Neil Kinnock's hopefuls in some of London's marginal seats.

The British Labour party reckons that around 10 Irish have emigrated to Britain in the past 10 years, of whom around 50 per cent are Labour-leaning. The party has identified 23 marginal constituencies where the Irish vote could be decisive, about half of them in London.

Spring will spend Wednesday to Friday campaigning from Hornsey to Highgate,

emphasising the British Labour Party's policies of Irish unification by consent, its rejection of the Unionist "veto" and the repeal of the Prevention of Terrorism Act. He will be accompanied by Kevin McNamara, the British Labour Party spokesman on Northern Ireland, and the local candidates including the actress, Glenda Jackson, in Hampstead and Highgate.

Lab-Lab pact

After a series of attacks by senior scientists on the government's science policy, the Tories seem to have written off the laboratory vote. Save British Science, the scientific lobby group, has held two election meetings - one at Manchester University last week and another at University College London yesterday. Labour and Liberal Democrat science spokesmen were represented at both debates, but the Conservatives did not send a speaker to either, despite what the organisers describe as "two weeks of letters and intensive phone calls to national, area and local Conservative organisations."

Derek Roberts, UCL provost and former GEC research

director, opened the London meeting by attacking the Tories' "pathetic" failure to attend. "I had believed that what Kenneth Clarke [education and science secretary] lacked in understanding he made up in bravado," he said to loud applause from a hall full of angry scientists.

The Conservatives put in an appearance of sorts half way through, when a messenger brought in a fax from Alan Howarth, the minister responsible for science. "I don't propose to read it out, if they can't take the trouble to come themselves," said Roberts.

Lost Lilley

Likeable and clever though he is, Peter Lilley, trade and industry secretary, is not the sort of man you would let loose on an election campaign. So far he has not been much seen. Yesterday he appeared at an Edinburgh press conference to demonstrate why.

He appeared to backtrack on assurances made early in the campaign by Ian Lang, Scottish secretary, on the relocation of civil servants dealing with oil exploration to Aberdeen.

The issue is a vote-winner in Scotland, backed by all the other main parties, and one of the few popular Tory proposals. Evidently no-one had told Lilley that it is included in the Conservatives' manifesto for Scotland.

Supreme leader

While the rest of the country is concentrating on April 9, it seems John Major is thinking about April 5, when one of his favourite pop groups, The Supremes, are due to perform in London.

According to Hello! magazine, Major recently wrote to the group saying he wanted to welcome them to Britain and hoped he might meet them one day.

"It's great. We're hoping the prime minister will be at Wembley on April 5," says Supreme Jean Terrell.

Changing Times

The number of undecided voters is clearly rising rapidly. The headline on the first edition of the main story in The Times yesterday ran: "Worried Tories pin hopes on 10m don't knows." By the later editions, the figure had changed to 11m.

ELECTION 1992

Away from the TV lights, a gritty and gruelling general election campaign is being fought. David Owen and Richard Donkin report

An army undaunted by the smell of stale socks

IN constituencies across the country, the election contest is being co-ordinated from cramped, dishevelled offices smelling faintly of mildew and stale socks, by men and women poring over ward maps and electoral registers.

A sharp-suited agent clutching a mobile phone is popping in and out. The lavatory reading matter is usually restricted to booklets with titles like "Campaigning in the 1990s".

Staple ingredients include candidates trudging affably from door-to-door, or from old people's home to shopping precinct, pressing the flesh and trying to sound interested, getting close enough to see the whites of constituents' eyes.

They include armies of volunteers folding leaflets, licking envelopes and sticking on stamps. They include adoption meetings in dingy school assembly halls reeking of polish with the caretaker rattling his keys in the background.

Strict legal limitations on election expenditure at local level have superficially kept changes to a minimum in the humdrum often dreary business of trying to win a Westminster seat.

But it would be a mistake to be fooled by the tawdry trappings. In the best campaign teams, there is no shortage of innovation: the grimy net curtains obscure a carefully co-ordinated strategy where

resources are deployed with military precision.

One important recent development is the availability of increasingly sophisticated computing and desk-top publishing packages at affordable prices. These are used to prepare spreadsheets and lists, and produce ever more imaginative promotional literature.

Mr Greville Janner, defending Leicester West for Labour, addresses the Asian voters in his constituency in four different languages: Hindi, Urdu, Gujarati and English. One Labour candidate defending a Scottish seat intends to send a personally addressed letter to each of the 5,000 or so pro-fessed Scottish National Party

supporters in his constituency.

Mr Kevin Lomax, Labour candidate for Dudley West, has taken to sending constituents letters instead of leaflets - "because we know they (leaflets) tend to be thrown straight in the bin."

In Basildon, Labour's agent Ms Linda Webb has made it a priority to catch up with the Tories in terms of electronic power. "We spend our money on technology rather than on the fabric of the building," she says, staring at the tumble-down campaign headquarters.

A consequence of this growing dependence on computers is an increased emphasis on security. The Cheltenham Liberal Democrats have their

main computer securely locked up in the candidate's house and not at party headquarters. This reduces the risk of break-ins, says Mr David Figeon, the local agent.

Candidates are also continually honing their canvassing and targeting techniques. Many are intending to exploit the lighter evenings produced by last weekend's clock change to indulge in an extra hour's nightly campaigning, extending their evening forays until 9pm.

In Amber Valley, the Tory team of Phillip Oppenheim, who is defending the seat, arrives in a road in its Volkswagen battlebus. Anyone wishing to raise an issue on the

doorstep is immediately notified to the candidate, who spends about five minutes talking and taking details. He has a his own special blue form for waverers: a mini-questionnaire asking them to tick boxes to indicate why they are hesitating.

Labour's Derby campaign headquarters has produced a detailed booklet of instructions to campaigners. The doorstep question has changed from the old formula in which a candidate or assistant asked: "Can I rely on your vote?" Now the question is more likely to be a much gentler "Have you thought which way you are voting?" or "Which party do you normally support?"

Face-to-face debates, often arranged by religious groups, are a feature of the campaign in a number of constituencies.

The involvement of central party organisations is increasing too - especially in the marginals. Conservative Central Office says many London constituencies have joined a central printing scheme for the sake of economies of scale.

At a recent Tory rally in Battersea attended by party members from throughout London, a selection of artwork "cleared by the Research Department" was available, for use on "any leaflets you might be considering".

So orchestrated is Labour's Greater London masterplan

that the party pulled workers out of safe seats at the weekend to concentrate on marginal constituencies.

With a close race in prospect the routine for getting the vote out on polling day is likely to be pursued more ruthlessly and single-mindedly than ever before.

The Derby Labour instructions say: "Knocking-up continues throughout the day, if necessary calling on the same people over and over again." They even advise knockers-up to volunteer to baby-sit so that mothers can leave their family to vote.

Additional reporting by David Marsh and Roger Matthews

Bethan Hutton on nationalist hopes in Motherwell

SNP at sharp end in battle for steel

IF THE Scottish National Party is to have any chance of winning independence for Scotland it has to make inroads into Labour's vote in the industrial heartlands around Glasgow. That means winning seats like Motherwell South.

The SNP stands at about 27 per cent in the Scottish opinion polls, almost double the 14 per cent of the vote it won in 1987. This indicates that it is likely to win a few rural seats from the Tories and the Liberal Democrats, but there has been little sign of its support increasing further.

It needs to win nearly 40 per cent to take more than a couple of seats from Labour - standing at about 42 per cent in the polls - and win half the 72 Scottish seats, which it says would give it a mandate to negotiate Scotland's independence.

Mrs Ullrich claims that canvassing returns give her good reason to be confident. But she has to overturn a majority of almost 17,000 to unseat Mr Jeremy Bray, Labour MP for the constituency since 1974 and only the third MP for Motherwell South in 47 years.

The SNP has achieved that kind of turn-around before, in the 1983 Glasgow Govan by-election when Mr Jim Sillars, another convert from Labour, turned a Labour majority of almost 30,000 into an SNP majority of 3,500. But that was a well-publicised one-off chance for the electorate to startle Labour out of its complacent position as the top party in Scotland.

Can it really be repeated all over the country on April 9?

On the streets the recurring theme is "It's too late for Ravenscraig now." Few are convinced the SNP can deliver its promises

Motherwell South is one of the seats the nationalists are pinning particular hopes on. It is dominated by British Steel's massive Ravenscraig steelworks and Dalzell plate mill. The SNP has for years made the fate of the Scottish steel industry one of its biggest issues. Its task is to persuade traditional Labour voters in Motherwell that it can save the Scottish steel industry.

"We're all converts here," said Mrs Kay Ullrich, the SNP candidate, waving her arm to indicate the party workers crammed into two smoke-filled rooms above a greengrocer's, which act as the party's campaign headquarters.

The conversion has been of Labour supporters to the SNP. With all the usual converts' zeal they are now attempting to persuade the people of Motherwell to break a 47-year tradition of returning a Labour MP.

Mrs Ullrich is a more established believer than most of her campaign staff - she joined the SNP in 1965. For many years the SNP's fight for independence seemed hopeless. Now she sees herself returning from the wilderness as the prospect of home rule for Scotland seems closer than ever.

After all, in another three by-elections in 1989 and 1990, Labour kept the SNP safely in second place.

Mr Bray has never needed to campaign seriously in Motherwell before. He is an Englishman, an academic who acts as his party's spokesman on science and technology. He has long experience of industry - he took Motherwell South after losing his seat in another steel-producing area on Teesside. But his English origins may count against him now that nationalism has captured the imagination of many voters.

The SNP feels it has got its teeth into Mr Bray on the issue of steel - they say he has betrayed his constituents by giving up the fight to save Ravenscraig.

Ravenscraig has been closed bit by bit over several years. The closure of the final part was announced by British Steel in January, and is scheduled for September.

One convert paraded on an SNP platform this week was Mr Alan Raby, convener of the shop stewards at Dalzell, whose closure may not come for several years. There has been a split between the Labour-led unions at Ravenscraig, which are resigned to its impending closure, and the Dalzell union leaders, who have switched allegiance to the SNP and are still fighting for a future.

The SNP has promised to nationalise the Scottish assets of British Steel, keep Ravenscraig going and expand its capacity. It argues that Scotland should compete to supply the North Sea oil industry, which it says is the biggest European market for steel.

But the question remains of whether Ravenscraig could compete successfully, unsubsidised, with new plants planned by British Steel. Others argue that by the turn of the century the North Sea market will contract, leaving no outlet for the increased capacity.

On the streets the recurring theme is: "It's too late for Ravenscraig now." The people of Motherwell have seen the decline of steel over the years, as the unions and politicians fought a losing battle. Few are convinced that the SNP can deliver its promises.

Mr Jim Law, a former steelworker who has been unemployed for eight years, is just the kind of person the SNP needs to convince.

He has always voted Labour. Although he supports independence, he will be voting Labour again this time. "The only reason I am not voting SNP is there is no chance of getting them in," he said. There is still a large credibility gap to bridge.

The SNP also has to battle against voter apathy instilled in people who have consistently voted for one party but been governed by another.

The Scotsman newspaper still tips Motherwell South as a safe Labour seat. Mrs Ullrich says she knows independence will happen, but Mr Bray says he isn't losing any sleep over it yet.



Child's play: the nature of campaigning has evolved, contest by contest, since Mr Clement Attlee, the prime minister, took to the hustings at Walthamstow in October 1951. The evolution of grass-roots party organisation, however, has accelerated rapidly since the last election in 1987

David Butler looks at the big changes taking place in constituency campaigning

Hi-tech replaces rap of the knocker

This is a new kind of election. I have been writing about campaigns for 40 years.

None of the phenomena now manifest is original. Every bit of technology and strategy deployed in the past two weeks was in existence five years ago. What is new is the comprehensiveness of its general adoption. A difference in degree can be a difference in kind.

In March 1989, as in every previous campaign, there are two different elections in progress - one at the centre, one in the constituencies. The leaders may flit out to the marginals for their publicised visits and the safe seats - may report daily, via their regional offices, to Smith Square and Walworth Road.

But the plotting activity in the constituencies, canvassing, delivering addresses, organising registers and preparing poll-cards, bears little relation to the frenetic agitation in party headquarters and in the broadcasting studios.

In local offices the manifestos lie unread and the telecasts stay unwatched. The nineteenth century routine of getting a full marked-up register for use on polling day continues

but with a difference. What is new this year is not that it didn't happen anywhere in 1987 but that it happens almost everywhere in 1992. There are four big areas of innovation.

● Virtually every party in with a chance in any marginal has a sophisticated computer system. It has programmes that address envelopes, prepare direct, targeted mail, organise canvass cards, and annotate the electoral register with details from past years and with information about ethnicity, occupation, and response to financial appeals or questionnaires.

● Almost every marginal has acquired a fax machine in the past two years. Many candidates have mobile faxes and portable phones in their cars.

● The party headquarters, national and regional, deluge the contestants with press releases and daily campaign notes, seeking (usually in vain) a nationwide, co-ordinated response to any new development. The facilities of Telecom Gold, BT's computer network service, are being fully employed.

● Agents and candidates have been schooled, to an altogether new degree, to co-ordinate

their operations to the needs of the media, local and regional, to give absolute priority to their requirements and deadlines.

● The number of party workers willing to go out on the door knocker has fallen in all parties, but 85 per cent of electors are on the telephone. The cost of local calls is greater than the election expense permitted for each voter. But volunteers often choose to canvass by telephone, even though, if co-ordinated, it falls under the law that limits expenses. Certainly this is being conducted on a new scale and no-one seems to worry too much about the formal provisions of the Representation of the People Act.

In theory these developments could transform constituency campaigning. Let us not be benumbed by the health service fracas. The main impact of the ever-more sophisticated campaign strategies may be alienating and counterproductive.

In the fetid atmosphere of headquarters professional partisans talking all day to other professional partisans can lose their perspective. Their principal outside contact is with journalists who seem to be

becoming ever more resentful at the expert attempts to feed them and to fool them.

The successive headlines pass over the heads of a bored and sceptical electorate.

Currently the coverage of the campaign on the air and in the quality press has attained an altogether new standard of thoroughness and excellence. But editors have to remember that elections are, for a minority, a spectator sport.

The enthusiastic watchers are taught, with increasing subtlety, to appreciate the mores in the game and to watch the pollsters scoreboard, with its indirect assessment of the success of the players. But does it help the voters to a rational choice?

There never was a golden age when elections were feasts of reason. This is, God help us, by far the most sophisticated campaign we have seen. But it seems no nearer than its predecessors to offering an ideal way of selecting the best politics and the best people to rule us.

The author is a fellow of Nuffield College, Oxford.

Radical changes would be needed to avoid male bias in proposed assemblies, says Diane Summers

Persuading parties to give up seats to women

WHEN TORY MP Mrs Teresa Gorman recently put forward a plan to stop the "mother of parliaments" being composed overwhelmingly of fathers, she was met with derision.

Her private member's Bill, introduced in January, would have created new, bigger constituencies, each with one male MP and one female MP. But Mrs Gorman's fellow Conservative, Mr Patrick Cormack, said he had never heard "a more silly proposition" in more than 20 years in the House. Colleagues around him indicated their agreement.

Those plans for sex equality at Westminster were still-born, although Labour has pledged that its proposed Scottish Parliament and Greater London

Authority would have equal numbers of men and women.

The changes could be radical. New voting systems would have to ensure sex equality and proportional representation for all parties.

As chairman of a Labour working party on electoral reform, Professor Raymond Plant, from Southampton University, has been wrestling with the complexities. His brief includes elections to the European parliament, the proposed elected second chamber and the proposed new assemblies for Scotland, London and the English regions.

Labour has already decided on the "additional member" form of proportional representation for Scotland. The electoral system for London has

yet to be agreed, but could be along similar lines.

Prof Plant concedes that it will be difficult to combine the commitment to PR with a system that guarantees equal male and female representation.

The additional member system could work by giving each elector two votes - one for a constituency member and one for a political party.

The constituency MP would be elected on a first-past-the-post basis, as now. Additional members would be drawn from lists provided by the parties and allocated to each party so that its total number seats is proportionate to its vote. In effect, there would be two

types of representative - directly-elected constituency members and party appointees.

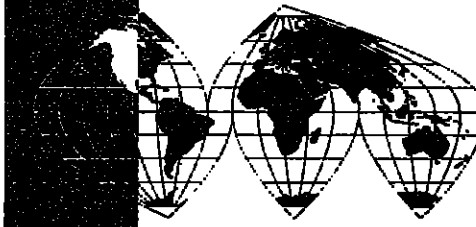
Labour intends to use the "additional member" to balance the sexes. PR list systems normally require parties to list candidates in order of preference, so all the top names would have to be female, or male names would have to be skipped - in effect, de-selected - until the required number of women had been appointed.

There would be a political row if a government instructed parties to submit women-only lists, so Labour's plan may have to be modified. A Labour government may have to hope that PR would, of itself, improve women's chances. At the same time, it could exert other parties to improve their

selection policies, and do much itself to improve Labour's practices.

If the Liberal Democrats were to wield influence in a hung parliament, the Labour plan would certainly be dead. Mr Malcolm Bruce, Scottish Liberal Democrat leader, says weighting in favour of women would interfere with the democratic process, and could turn the proposed Scottish Parliament into an "object of ridicule".

Baroness Sally Hamwee, Liberal Democrat leader on the London Planning Advisory Committee, is equally scathing. Quotas have the effect of marginalising women, she argues: an objection she also raises against Labour's proposed ministry for women's affairs.



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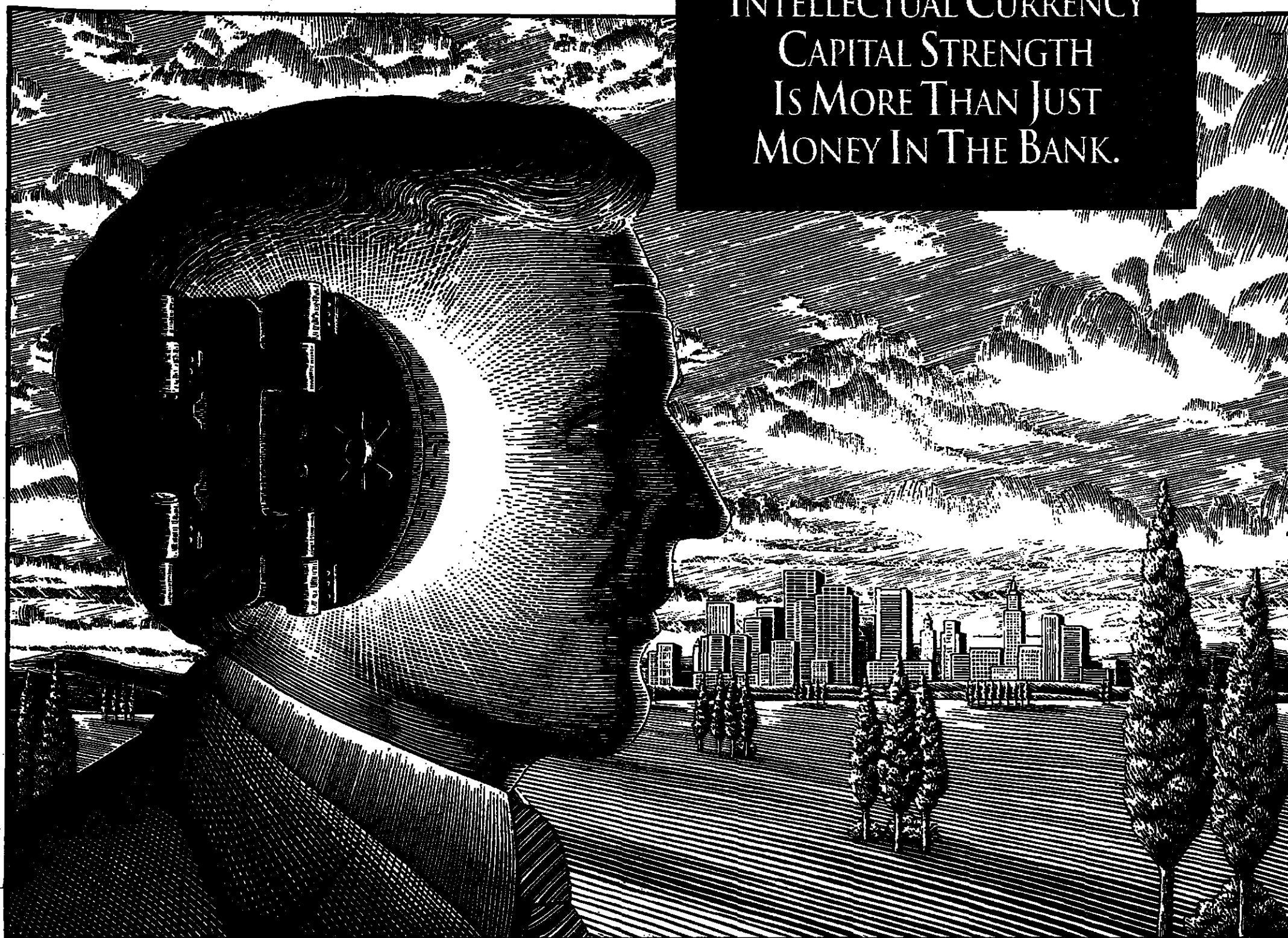
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BT is turning entomologist as it searches for a new software strategy to manage its network.

Scientists in the advanced systems group at the company's Marlesham Research Laboratories near Ipswich are using ant colonies as a bizarre model of how to keep its network up and running at all times, cutting out the costly equipment duplication which is currently needed to prevent loss of service in the event of failure.

Peter Cochrane, who is heading the software project, first had the idea as he observed the teeming life of an ant hill while on holiday in Spain. "When you look at an ant colony it is remarkable that it can do so many different things and control so many different functions; yet it takes the equivalent of only five lines of code to control all the behavioural characteristics that keep the colony operating smoothly," he says. If an ant colony is disrupted it has an amazing capacity for reorganising itself and carrying on as normal.

If an ant colony is disrupted it has an amazing capacity for reorganising itself and carrying on as normal

A problem with BT's current network is that none of its equipment functions without software instructions. And because the elements of the network are so inter-related, one small software fault can lead to big disruptions.

BT's engineers are casting a wary eye at a series of catastrophic network failures experienced by AT&T and the regional telephone companies in the US over the past two years.

Between January and November 1991 eight major network failures were reported in six states, affecting more than 27m customers.

Many of the breakdowns have been attributed to faulty software in the networks, leading to "brown outs". These occur when the software fails to switch, to think it is overloaded and to pass a call on to the next exchange which also thinks it is overloaded. As the call is passed from switch to switch the network seizes up.

Such a failure meant that 10m users lost service in Maryland and Washington DC on June 26 last year. On October 22 a similar fault interrupted service to 80,000 people in Florida - including the 911 emergency service - for three hours.

AT&T's exchanges not only handle the traffic flowing through the

BT ups the ante

Nuala Moran explains how to fight bugs with bugs



The ant's talent for controlling many different functions gave BT the idea of how to manage its software

network but also have integrated customer services such as billing and caller identification. Such huge amounts of software are inevitably subject to bugs.

"Put a full stop in the wrong place and it all goes wrong - the probe misses Jupiter by thousands of miles or the aeroplane crashes," says Cochrane.

Some breakdowns in the US have been blamed on a minor software

upgrade that was not tested before it was installed in network switching equipment.

Even with the most exhaustive testing, however, software bugs may only come to light when a network is up and running.

Cochrane believes it is partly a matter of luck that such breakdowns have not happened in the UK.

From his observations of ant colo-

nies Cochrane has devised a principle of self-organisation whereby different elements of a network are managed by a small quantity of self-contained software. Each of these units is then immune from faults occurring in other units. When ants are sent off to collect food they may use different routes to and from the nest, but the result is the same. In Cochrane's analogy the ant is equivalent to a physical

connection in the network and the food is equivalent to the information that is being passed down it. BT has now built the first stage of such a self-organising network on a personal computer.

Cochrane stresses that self-organisation of networks is just one line of investigation that BT is following to get to grips with the problems of managing its network.

The company is facing a seven-fold expansion in the volume of its network management software as it moves to create the kind of network which UK businesses will be demanding by the end of the decade, providing, for example, visual services.

Its Marlesham project will devise ways of simplifying the software controlling the company's next generation of exchanges, which are due to start replacing the existing System X ones early in the next century.

The company is "tearing its existing software to pieces" and thoroughly testing any new software before it is installed.

The ant is equivalent to a connection in the network and the food is the information being passed down it

At the same time more reliable hardware is coming to the rescue. "At the moment if we do have failures there is standby equipment, but obviously such redundancy increases costs," says Cochrane.

"More reliable hardware has allowed BT to reduce duplication in the past 20 years. The amount of hardware has been cut 100 times while the network capacity has increased 100 times."

BT is also studying the network failures in the US to pre-empt such breakdowns in the UK.

Some of the US failures indicate that network back-up is a chimera. Not only does it make network management more complex, but if the back-up consists of the same equipment it can also be hit by the same software bug.

In a sense, adopting the philosophy of self-organisation will take BT back to the era of the Strowger electromechanical switches where every switch on the network was autonomous.

The US failures have demonstrated, however, that the high capacity of a single piece of network equipment makes even a low probability of failure unacceptable.

Customers want fewer small-scale failures but not at the expense of the occasional large breakdown which brings a whole city to a standstill.

Michael Kenward

MIT put in the picture

BT has signed an agreement with the Massachusetts Institute of Technology's Media Lab to research ways in which computers handle visual images. The agreement could earn MIT \$500,000 (£290,000) a year for the next five years.

This is the first agreement with a non-British university under BT's Strategic University Research Programme. Launched last year, the programme accounted for about half of the £3m that BT spent on university research last year.

Under the agreement, MIT will develop tools that computers can

use to "see" and "understand" images. The aim is to develop software systems that allow users to search databases of pictures on the basis of their visual content rather than written descriptions of what the images depict.

As Alex Pentland, of MIT's vision and modelling group, puts it: "Everything we have done with computers up to this point has been based on letters and numbers. This next step is to teach computers to understand what they see based on visual content rather than textual information."

Such a system might allow users

to "show" a photograph of someone to a computer and then ask it to retrieve all images that show the same person.

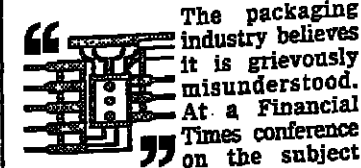
The research fits in with BT's aim to develop visual telecommunications. The company has its own research team working on video communications, but this deals with more immediate problems, such as how to transmit telephone pictures. Earlier this month, BT announced that it plans to introduce a commercial videophone in the near future.

Michael Kenward

Technically Speaking

Wasting time over recycling

By John Thornhill



The packaging industry believes it is grievously misunderstood. At a Financial Times conference on the subject last week several speakers

claimed that many desirable facets of packaging are frequently overlooked amid the debate about its impact on the environment.

Packaging acts as an efficient means of transporting and preserving goods, as a way of ensuring food safety and hygiene and as a method of advertising a product, they say.

Good packaging saves more than it wastes. The squandering of resources in many third world countries and the former Soviet Union suggests there should be more packaging in the world, not less.

"Waste is much more than just a landfill, or a bin in a household," argues Hans Rausing, chairman and chief executive of Tetra Pak Alfa-Laval Group. If a child's brain is wasted through lack of milk, is this not also waste, he asks.

The industry has a point. In the grand scheme of things, packaging waste represents only a small environmental problem but assumes a disproportionate amount of attention because of its connotations with a throw-away society.

And in framing European legislation on packaging waste, national legislators have adopted narrow definitions of waste which concentrate on recyclability to the exclusion of other environmental factors such as the energy used to recycle them.

But complaining about all this is rather like a football team moaning about losing one-nil after extra time while worse teams have escaped with draws. It is the result that counts. If consumers and politicians believe that packaging represents a big problem then it does. "Perception is reality," as one speaker noted.

With some commendable exceptions, packaging companies have generally reacted to the environmental challenge with the vision of proverbial ostriches burying

their heads in the sand.

Those companies which have responded tend to view the process as a marketing exercise rather than as a means of changing the way they operate. Sweeping environmental claims have been made and subsequently regretted.

Different factions of the packaging industry have also indulged in an unhealthy internal debate pitting one sector against another. Plastics, glass, metals and paper packaging associations have all extolled the virtues of their own products while rubbishing those of others. There has been little attempt to co-ordinate an industry-wide approach.

Equally, environmental pressure groups are in danger of losing faith with consumers by pressing governments to adopt policies that are of obvious political appeal but of dubious environmental benefit.

In particular, the German recycling scheme, the Duales System Deutschland, which encourages industry to recover and recycle its packages, has aroused the ire of many in the European packaging industry. One speaker condemned it as "absolute lunacy". Another criticised it as a "pilot scheme involving 75m people".

There is justification in many of their criticisms. Although the DSD problem there are grave concerns about its total environmental effect.

As Jonathan Sims of packaging consultants RMA said: "More resources are being spent transporting waste packaging around Germany, sorting it, recycling it, warehousing it and dumping it on other markets, than are being saved. Repeat this on a European scale and in the name of environmental benefit we will be committing environmental vandalism."

It is perhaps now time for both the packaging industry and the environmental campaigners to drop their antagonisms and work closely together to create more sensible technical solutions to the problems.

At present, both sides are in danger of losing their credibility. And in the environmental debate credibility is all.

Treuhandanstalt

(The government agency privatising eastern Germany property)

Tender for the sale of companies in the ELECTRICAL INDUSTRY in eastern Germany

Company-number, name, location (in brackets: main area of expertise / present number of employees)

Batteries
(EL-1) Akkumulatorenwerk Sehma GmbH
O-9317 Sehma/Sachsen
(Starter batteries for motorcycles / 47)
(EL-2) BAE Batterie GmbH
O-1160 Berlin/Berlin
(Industrial and instrument batteries / 518)

Electronic equipment
(EL-3) CVU Computer-Vertriebs-Union GmbH
O-1086 Berlin/Berlin
(Distribution of computers and data processing systems / 516)
(EL-4) Elektro-Installations-u. Vertriebsgesellschaft mbH
O-4020 Halle/Sachsen-Anhalt
(General electronic products / 30)

(EL-5) Elektronik Riesa GmbH
O-8400 Riesa/Sachsen
(Electronic subassemblies, printed-circuit components / 552)

(EL-6) Relais- und Schalttechnik GmbH
O-8309 Großbretzenbach/Thüringen
(Printed-circuit relays, sealed-contact relays / 320)

Household appliances
(EL-7) Elektrogerätekraft Suhl AG
O-5000 Suhl/Thüringen
(Coffee machines, vacuum cleaners, heater convectors / 354)
(EL-8) Elektroinstallation Ruhla GmbH
O-5906 Ruhla/Thüringen
(Luster terminals, table-top sockets / 223)

(EL-9) Elektrowerk Sömmeritz GmbH
O-8273 Sömmeritz/Sachsen
(Electric irons, water heaters / 393)

(EL-10) Haushalts elektronik Bamburg GmbH
O-4350 Bamburg/Sachsen-Anhalt
(Assembly of electric products / 60)
(EL-11) ZEULUX-Leuchten GmbH
O-6570 Zeulenroda/Thüringen
(Living room and special-purpose lamps / 32)

Capacitors
(EL-12) FROLYT Kondensatoren & Geräte GmbH
O-8200 Freiberg/Sachsen
(Low voltage electrolytic capacitors, special-purpose machines / 330)
(EL-13) Isolcond GmbH Berlin
O-1120 Berlin/Berlin
(Power capacitors / 188)

(EL-14) Brandenburgische Kondensatoren GmbH
O-2130 Prenzlau/Brandenburg
(Radio shielding components / 147)

Communication equipment
(EL-15) FMN Fernmeldetechnik GmbH
Nordhausen
O-8500 Nordhausen/Thüringen
(Telephone systems, accessories / 733)
(EL-16) Funkwerk Köllada GmbH
O-3234 Köllada/Thüringen
(Transport communication, hearing aids, amplifiers / 513)

(EL-17) Funkwerk Köpenick GmbH
O-1170 Berlin/Berlin
(Telephone sets, transmitters / 388)

Measuring equipment
(EL-18) Junkalor GmbH Dessau
O-4500 Dessau/Sachsen-Anhalt
(Air, temperature-, exhaust-gas measuring instruments / 448)

(EL-19) Meßelektronik Dresden GmbH
O-8012 Dresden/Sachsen
(Electric measurement equipment / 340)
(EL-20) Meßgeräte GmbH Magdeburg
O-3011 Magdeburg/Sachsen-Anhalt
(Measuring instruments / 324)

Motors
(EL-21) Plant Elektromotorenwerk Barleben von VEM-Antriebstechnik AG
O-3103 Barleben/Sachsen-Anhalt
(Induction motors, relays, shaded-pole motors / 256)
(EL-22) Plant Hermetik Motorenwerk Dresden von VEM-Antriebstechnik AG
O-8017 Dresden/Sachsen
(Hermetic motors, pumps / 299)

(EL-23) Plant FMAG Finsterwalder Maschinenbau von VEM-Antriebstechnik AG
O-7980 Finsterwalde/Brandenburg
(Commutators, aggregates, transformers / 352)

(EL-24) Plant Elektro-hydraulische Betätigungsgeschäfte Ochsersleben von VEM-Antriebstechnik AG
O-3230 Ochsersleben/Sachsen-Anhalt
(Electrohydraulic operating gear / 104)

(EL-25) Plant Elektromotorenwerk Grünhain von VEM-Antriebstechnik AG
O-9437 Grünhain/Sachsen
(Single-phase motors, decasting, fabrication of modules / 655)

Switches/Controls
(EL-26) Kontakt Gerätefabrik GmbH
O-5331 Deutschkatharinenberg/Sachsen
(Screw caps/lux holders, switches, levers / 110)
(EL-27) Elektroelektronische Geräte Bönitz-Ehrenberg GmbH
O-7152 Bönitz-Ehrenberg/Sachsen
(Low-voltage switchgear, cable drums, slip ring cases / 55)

(EL-28) Görlitzer Elektro Schaltgeräte GmbH
O-8900 Görlitz/Sachsen
(Low-voltage switchgear / 332)
(EL-29) MESTRA Metallbearbeitung Stralsund GmbH
O-2300 Stralsund/Mecklenburg-Vorpommern
(Magnetic float switches, steel structures / 28)

(EL-30) Plant Schellenanlagenbau Zörbig von VEM-Antriebstechnik AG
O-4415 Zörbig/Sachsen-Anhalt
(Controls, low-voltage switchgear / 215)

Others
(EL-31) Industriedienstleistungen und Gewerbetätigkeit Leipzig GmbH
O-7034 Leipzig/Sachsen
(Manufacture of sheet metal components, machine tool engineering / 306)
(EL-32) Jessorer Umform GmbH
O-7940 Jessorer/Sachsen-Anhalt
(Electrical sheet, transformer elements / 124)

(EL-33) Inducal Göllingen GmbH
O-4731 Göllingen/Thüringen
(Low frequency forges, melting plant / 261)

(EL-34) Plant Kupplungs- und Wälzlagerbau von VEM-Antriebstechnik AG
O-4508 Dessau-Waldsee/Sachsen-Anhalt
(Couplers, clutches, mounted brakes / 230)

(EL-35) Plant Gleitlager Herlesgrün von VEM-Antriebstechnik AG
O-9801 Limbach/Sachsen
(Casting for electrical equipment / 69)

(EL-36) Plant Gleitlager Schönheide von VEM-Antriebstechnik AG
O-9413 Schönheide/Sachsen
(Casting for electrical equipment / 58)

Tender Conditions

1. In accordance with its legal mandate, the Treuhandanstalt (the "THA") intends to sell the aforementioned companies by means of a tender in the following manner:

a) bids for a company in the legal form of a limited liability company (GmbH) or share company (AG) must be for the total share capital of a company; and
b) bids for a plant must be for its total assets (building, equipment, and real estate), with inventory to be valued at the time of acquisition.

2. The tender is public and anyone is entitled to bid.

3. In deciding among the bids, the THA will take into consideration, among other things, the bid price, the business plan submitted, promises to maintain or create jobs, and pledges to invest, each of which will be considered part of the bid.

4. Interested parties can obtain company and plant profiles without charge from the Central Tender Office of the THA. The THA is not responsible for the accuracy and completeness of the information. Prospective bidders will receive written authorization from the Central Tender Office to visit the companies and/or plants on the basis of which additional information will then be provided by company and/or plant management.

5. Bids are to be submitted in a sealed envelope marked only with the name of the company or plant for which the bid is submitted.

6. Bids must be received at the THA, Leipziger Str. 5-7, O-1080 Berlin, Germany, no later than 2:00 p.m. (local time), on June 2, 1992 (the "closing date"). They will be opened immediately thereafter in the presence of a notary public. Bids must be in Deutsche Mark and shall remain valid for ninety (90) days after the closing date.

7. The THA will decide on the bids within ninety (90) days after the closing date. The THA is not bound to accept any bid and may accept a bid other than the highest.

8. To the extent that a previous owner has submitted a claim seeking return (in whole or in part) of a company and/or plant, a sale will require either the approval of the claimant or a decision in accordance with applicable law, section 3a VermG and/or section 2 BinnG.

Office hours for the Central Tender Office of the Treuhandanstalt are Monday through Friday from 9:00 a.m. until 4:00 p.m. (local time).

For further free information (company profiles, etc.) please contact:

Price Waterhouse

Corporate Finance

The following offices of Price Waterhouse are providing information about this tender. Price Waterhouse may act for a prospective buyer with respect to any of the companies offered hereby.

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Martin Foley Tel. +44-71-9393000
Katharine Jackson Fax +44-71-4032283

NEW YORK
Thomas A. Leipzig Tel. +1-212-5278651
Marie Selicchia Fax +1-212-7581813

TOKYO
Kan Hayashi Tel. +81-3-34049351
Eisaku Hirose Fax +81-3-34048771

TORONTO
John W. Hart Tel. +1-416-3658243
Fax +1-416-9478968

...or your local office of Price Waterhouse

or directly: **Treuhandanstalt**

Central Tender Office
Leipziger Straße 5-7
D-1080 Berlin/Germany
Tel. +49-30-31542618
Fax +49-30-31542641
Telex 305141 thaz d

New York Office
Tel. +1-212-9098198
Fax +1-212-9098158
Tokyo Office
Tel. +81-3-35032901
Fax +81-3-35032902

MANAGEMENT: THE GROWING BUSINESS

The doctors' dilemma

John Willman takes the pulse of the changing UK general practitioner service

For 600 small businesses, the outcome of the UK general election will be of particular interest. They are family doctor practices which have been - or from 1 April will become - GP fundholders, each controlling a health service budget in excess of £1m a year.

If Labour wins the election, fundholding will be abolished, bringing to an end an experiment which has been opposed by the majority of Britain's family doctors. If the Conservatives win, many more practices are likely to opt for fundholding, in the belief that fundholders will be treated more favourably when it comes to handing out money.

For the eight GPs who belong to Dr Ian Wild's partnership based at the St John's health centre in Twickenham, south-west London, fundholding has been an opportunity to improve the quality of treatment for its 14,000 patients. The "Wild Bunch", as they are known locally, control a budget of more than £1.6m to buy a range of diagnostic services and treatments on behalf of their patients.

"We saw fundholding as a way of tackling the growing waiting lists in this area," says Mansukh Unadkat, the practice's managing partner. "It gives us more responsibility for fundholding. We can take six to eight months just to see a consultant for an opinion and we felt that as fundholders, we could choose the hospitals which offered more to the patients."

"Information about costs and waiting times is held on computer so that it takes only a couple of minutes to choose a hospital for an operation. It gives us tremendous flexibility, and is already producing benefits for the patients in faster treatment."

But GP fundholding offers much more than sophisticated shopping around for the fastest operation, according to a study published last month by the King's Fund Institute, the respected health service think-tank. It found that fundholders were using their market power to change and improve the services to patients.

Wild and his partners, for example, have negotiated for surgeons and consultants to leave their hospitals and provide consultations and treatment at the health centre. A monthly ophthalmology clinic has been arranged and patients can also see specialists in cardiology, ENT (ear, nose and throat), gynaecology and urology without travelling to a hospital.

A surgeon performs minor operations at the centre, including the treatment of varicose veins, removal of lumps and other procedures which do not require an overnight stay. In the longer term, the practice is considering providing some overnight beds and therapy facilities at the health centre - ironically, a converted former cottage hospital.

"Not only does this cost less than booking appointments at a hospital, it reduces the waiting times significantly," says Unadkat.

Being a fundholder inevitably involves more paperwork and administration. Though it does not actually handle the fund, the practice must provide the regional health authority with information on contracts and referrals necessary

for the hospitals to be paid. Grants are given to ensure that fundholders have adequate computer systems, and specially-written software has been approved by the Department of Health to handle the accounting.

Help with the cost of business planning is also available from the Department of Trade and Industry. The Wild partnership used the consultants McIntyre Hudson to help in drawing up the business plan required to win fundholding status. The practice has also been able to employ a part-time business manager, Peter Dean, with the allowance payable to fundholders to cover the cost of administration. A retired bank manager, he brings experience of dealing with a wide variety of small businesses which has been invaluable in getting the new systems up and running.

Dean is also an enthusiast for fundholding. "Doctors have never had to have much of a hand on the cheque book, apart from handing their own money and expenditure in the practice. Fundholding has brought home the cost of treatment and given them the incentive to provide better value for money and improve the service." He expects to show a small surplus on the first year which can be ploughed back into the practice under the fundholding rules - it will be used to buy more equipment for minor surgery. The only drawback is that the regional health authority is trying to reduce the budget for next year.

"The region felt that they had overestimated costs in some areas during the first year of running the scheme," Dean says. "Although we are still discussing the budget, it is likely to be tighter next year than this."

Rejecting fundholding for the present are the five doctors in the practice of Marc Rowland and partners which is based at the Jenner health centre in Forest Hill, south-east London. They are no less keen to improve the quality of health service for their patients, but want to achieve this by increasing co-operation between different health agencies.

"The health service is a very fragmented service," says Rowland. "We want to work more closely with dentists, health visitors, district nurses, chiropodists, as well as housing agencies, social services and voluntary groups, to become the local focus for dealing with the health needs of our area."

"If someone comes to see us with stomach pains, there's no point in sending them to a gastroenterologist to have tubes stuck in every orifice and X-rays shone through them if the cause is their marriage breaking up or bad housing."

Rowland believes that becoming a fundholder would make it harder to develop the relationships with other local agencies which the practice is trying to foster. And he worries about the loss of integration in a health service where hospitals increasingly compete for business. Rather than the more competitive approach which fundholding implies, he is keen to work with other family doctors in the area to develop "locality commissioning".

"If we and other practices in the area expressed our preferences for hospitals and other providers, the commissioning authority would have to give good reasons for ignoring us. Locality commissioning would give us the same clout as fundholders enjoy, without the bureaucracy and paperwork."

Rowland admits that this more consensual approach to change is



Spotlight on the "Wild Bunch": Ian Wild (left) with Peter Dean

inevitably slower. "It is very hard work to get progress on such radical ideas."

But the practice has usually been able to get what it wanted even if it has taken a long time. "Our approach avoids trampling over local relationships with other agencies which we've worked hard over the years to foster," he says.

He accepts that fundholding could

offer a short cut round the lengthy process of building consensus. And he does not rule out fundholding if the election result suggests that it is here to stay. But for the moment, he and his partners prefer to pursue their alternative approach to raising the standard of health care.

* A foothold for fundholding. King's Fund Institute, 126 Albert Street, London NW1 7NP. ££85.



New chapter for library network

Denmark is attempting to set up a national network of libraries to promote business information on the model of a similar library network launched in the UK just over a year ago.

The Danish initiative, led by the Aarhus Business Information Centre (BIC) could form the beginnings of a Europe-wide network, according to Nick Fox, chairman of the UK's Business Information Network (BIN).

The UK network, launched in February 1991, has grown to more than 60 members. It comprises public, academic and national libraries pledged to providing business information. BIN, 25 Southampton Buildings, London WC2A 1AW. Tel 071 323 7453; Aarhus BIC, Science Park, Gustav Wiedes Vej 10, DK-8000 Aarhus C, Tel +45 86 20 20 00.

Turning to Britain for funds

Apparently undeterred by tough fund-raising conditions in the UK, Saugatuck Capital Company, a US venture capital company, is attempting to raise part of its third fund from UK investors.

Saugatuck hopes to raise \$10-\$20m of the \$100m it is seeking in Britain and Europe on top of the \$70-\$75m expected from the US. Saugatuck invests in small- and medium-sized businesses in niche markets. It expects to spend most of its third fund in the US. UK fund-raising is being handled by London-based MacArthur & Co.

Chambers forge links with Romania

The Association of British Chambers of Commerce (ABCC) is sending a delegation to Bucharest to help develop the Romanian chamber system. The delegation, including representatives from Birmingham, London and Sheffield, will establish links with individual Romanian chambers, help with training, and provide advice on how to establish income-generating activities. ABCC, 9 Tufton Street, London SW1P 3QB. Tel 071 222 1555.

Innovators smart from a lack of funds

The government's main programme for supporting innovative small businesses, the Small Firms Merit Awards for Research and Technology (Smart), should be increased so that more eligible projects can be funded. The awards should also be made available twice instead of only once a year.

These are the main recommendations of a study by two Cambridge University researchers. The Smart scheme funded 180 companies in 1991 but more companies deserve backing if the money were avail-

able, according to Ian Moore and Elizabeth Gurnsey.

Smart is an annual award which provides funds for companies employing fewer than 50 people which have an innovative and commercially viable project. It needs 75 per cent of the costs up to £45,000, with a second stage award of up to £60,000 for further development.

At present, large numbers of companies apply for Smart - 1,422

companies for just 180 awards in 1991 - resulting in a heavy burden on management time with only a small prospect of success.

Very few of the projects backed by Smart money would have gone ahead on their own, the researchers concluded. But since technology is so fast moving, very few firms are able to wait a year before applying again for a Smart award. This problem could be overcome by making

the awards more frequently.

The Smart scheme plays an important role in giving credibility to a project. Businesses which had been unable to raise finance before winning an award frequently received several offers once they were successful. However, businesses which applied and were unsuccessful were sometimes seen as having been judged as not being up to standard.

"We therefore recommend an expansion of the scheme so that the relative scarcity value is eliminated and so that all viable proposals are funded," the researchers said.

In a second research study, Moore and Gurnsey called for the government to rethink its other innovation programmes which emphasise collaborative, "pre-competitive" research. The government's approach

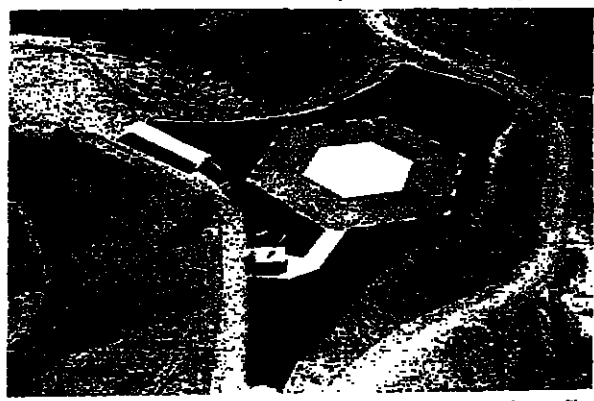
shows a failure to understand the process of innovation, they argue. It is often only obvious in retrospect that research is pre-competitive and it is not clear whether time or the nature of the activity defines "closeness to market".

Charles Batchelor

*Funding for Innovation in Small Firms. "Pre-competitive and Near-Market Research and Development, Management Studies Group, Engineering Department, Mill Lane, Cambridge CB2 1RX.

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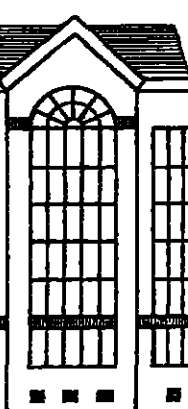
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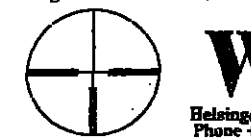
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Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.



CHRISTIE & CO
CORPORATE DIVISION

JAMAICA

**Power of Sale-
Jamaica Palace Hotel**
Port Antonio, Jamaica, West Indies

Approx. 4.95 acres of land.

Sale by Public Auction at 11 a.m., April 23, 1992.

TWO STOREY HOTEL COMPRISING:

- 74 lavish suites with full amenities, including individual baths, balconies and patios.
- Ancillary amenities including offices, dining rooms, bar, swimming pool, tropical waterfall, sundeck, and all the other attractions of a tropical paradise.

For further particulars and conditions of sale, contact:

D.C. Tavares & Finson Co. Ltd.
1 Belmont Road
New Kingston
Telephone: (809) 92-67200 or 92-67611

DCT&F

CAMBRIAN WOOLLEN MILL
Llanwrtyd Wells, Powys

Powys County Council and the Royal British Legion are offering a unique opportunity to acquire the ownership and operation of a fully working woollen mill in the beautiful countryside of mid Wales, complete with:

- A fully equipped working mill of 1660.27m².
- An established retail outlet, restaurant and tourist facility.
- A position alongside trunk road and well known tourist route.
- An established and loyal workforce.
- The possibility of both capital and continued operating subsidies. The Mill is an approved sheltered workshop.
- Attractive location in beautiful countryside.

If you would like a full information pack, have specific queries or would like to arrange a visit please contact:
Henry Cave, Powys County Council, Powys County Hall,
Llandrindod Wells, Powys LD1 5LG.
Telephone: 0597 826055

Distinctive Hotels Limited
Trading as Trials Hotel

The Joint Administrative Receivers offer for sale, as a going concern, the above 4-star hotel with non-residential restaurant/bar facilities.

Principal features include:

- Prestige location and reputation in the heart of Liverpool.
- Turnover: 1991 - £632,884.
- 20 luxury bedrooms all with en-suite facilities.
- Busy a la carte restaurant.
- Large public bar and brasserie.

For further information contact the Joint Administrative Receiver,
Andrew Thompson, KPMG Peat Marwick, Richmond House,
1, Rumford Place, Liverpool L3 9QY.
Tel: 051-236 5052. Fax: 051-236 1882.

KPMG Corporate Recovery

On the instructions of the Joint Administrative Receivers of Castle Hotels (The Ltd)

**BOWTON CASTLE HOTEL
SHROPSHIRE**

A delightful and spacious Grade II listed castle built from the 13th century and recently converted into a quality hotel.

19 en suite letting bedrooms, restaurant, bar, lounge, relaxation and sports facilities, and a fully equipped conference room.

Planning permission exists for 16 bedrooms together with public rooms and kitchen.

About 17 acres

For further information contact: Knight Frank & Rutley, London 071 629 8171

LONDON
071 629 8171

**Knight Frank
& Rutley**

20 Hanover Square
London W1R 0AH

LEONARD CURTIS

BY ORDER OF THE JOINT ADMINISTRATIVE RECEIVERS
KEITH D. GOODMAN & STEPHEN D. SWADEN
IN THE MATTER OF

THE PUBLISHING HOUSE LTD.
PUBLISHERS OF SALES DIRECTION MAGAZINE

Offers are invited for the business, title and goodwill of this company which publishes SALES DIRECTION a monthly magazine for the Sales & Marketing industry distributed via a mailing list of 21,000.

Turnover March 1990 (Audited) 621,042
March 1991 (Audited) 614,823
March 1991 to September 1991 (Management) 227,309

Further enquiries should be addressed to the offices of
Leonard Curtis & Co, Chartered Accountants,
30 Eastbourne Terrace, London W2 6LF
Tel: 071-262 7700 Fax: 071-723 6059

Ref: SH/3

**WEST
GERMANY**

Mergers & Acquisitions
We have a number of profitable companies for sale. Turnover plus £10m. machinery, cosmetics, banking, etc.. Complete information pack from:
**ALEXANDER
CONSULTING LTD.**
Fax: 071 286 5858.

**Warehousing and
Distribution Centre
(Paulton, near Bristol)**

The administrators of Macdonald & Co (Publishers) Limited offer for sale the business and assets of a book distribution centre.

- Good transport access and close proximity to the distribution centres of most national carriers.
- Approximately 100,000 sq. ft. warehouse on three levels comprising:
 - 50,000 sq. ft. to 35 ft. high storage area fully equipped with narrow aisle and mobile pallet storage systems, current capacity 10,000 pallet locations.
 - 30,000 sq. ft. order picking, packing and despatch facility fully racked with conveyor system; current capacity for 9,000 picking locations.
 - 8,000 sq. ft. ancillary production area for returns, shrink-wrapping and counterpack/dumpkin assembly.
- Experienced warehousing, distribution and office staff servicing an international customer base of wholesalers, retail bookshops and individuals.

Enquiries to: PRC Densham, Price Waterhouse, 31 Great George Street, Bristol BS1 50Q. Tel: (0272) 293701. Fax: (0272) 290519.

Price Waterhouse



BY ORDER OF THE JOINT ADMINISTRATIVE RECEIVERS
P.S. DUNN FCA & M.P. APFLEY FCA
Re: Holidayfax Travel Ltd.

**FLIGHT ONLY TRAVEL
BUSINESS**

- Specialist Flight only Direct Sales Operation
- Extensive Database of Overseas Property Owners
- Established Sophisticated Reservation, Communication & Data Capture Systems
- Turnover £4.9m p.a.
- Excellent Modern Freehold Offices

Business & Assets for Sale

Contact Ref: SH

**EDWARD SYMONS
& PARTNERS**

Consultant Surveyors Valuers & Auctioneers

111, 071 407 8454

BUSINESSES FOR SALE

CONFIDENTIAL OFFERING PRECISION MACHINING CO.

Leading manufacturer of precision machined aircraft, medical and valve system parts and assemblies. Located in Michigan and Northeast USA. Bid deadline: May 28, 1992. Contact: The Parkland Group, Inc. 216-621-1985 Fax: 216-621-1894. Refer to Project 8551.

PROPERTY PORTFOLIO CENTRAL BRUSSELS

Consists 27 Apartments, 3 Shops. Good Return. Renovated. 9% Finance Available. 1.6 Million Sterling. Principals only: 0787 210614 or 010 322 535 7835

Appear in the Financial Times on Tuesdays, Fridays and Saturdays.

For further information or to advertise in this section please contact

Melanie Miles on 071 873 3308

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

STEPHEN CONN & CO

G K MASSEY LIMITED

(In Administrative Receivership)

The Joint administrative receivers offer for sale the business and assets of this established steel stockholder.

- Annual turnover of £2.7m.
- The company operates from 2 locations:
 - long leasehold, 8,500 sq ft, Burtonwood, Nr Warrington
 - short leasehold, 10,000 sq ft, Altrincham, Cheshire
- Quality customer base

For further information please contact the joint administrative receivers, Stephen Conn or Peter Bucknell at: Stephen Conn & Co, 17 St Ann's Square, Manchester M2 7PW. Tel: 061 839 0119 Fax: 061 835 2539

Specialist Retailer / Leisure Products Automotive Industry

1991 Turnover in excess of £3.5m - Excellent profits. Unique opportunity for a trade purchaser to acquire this specialist retailer in the Automotive Industry. Based in N. London. International brand name. Est. 21 years. Excellent reputation. Highly profitable. Cash generative. Backed by substantial assets. Strong management team. Poised for multistage expansion together with growth in mail-order and export business.

Contact: John Clarke, City Venture Brokers Limited, 20 Castle Street, Stamford, Leics. SG1 1JH. Tel: (0992) 500 505 Fax: (0992) 500 504

MARINE SALES, SERVICE AND BROKERAGE SALCOMBE, DEVON

Well established marine showroom in prominent waterfront location. Major distributors include O.M.C. and Dell Quay, supported by well equipped workshop, moorings and brokerage business. Experienced staff. Unique opportunity.

Tel: 081 305 1024 Fax: 081 293 4936

COMPANY NOTICES

ROBEKO N.V.

(Investment company with a variable capital)

ANNUAL GENERAL MEETING OF SHAREHOLDERS

to be held on Thursday, 18th April, 1992 at Concert and Congress Building "de Doelen", entrance Kruisplein 30, Rotterdam, at 9.30 a.m.

AGENDA

1. Opening
2. To receive and adopt the Report of the Board of Directors for the financial year 1991.
3. To receive and adopt the Annual Accounts for the financial year 1991.
4. To determine the appropriation of the profit.
5. To compose the Board of Supervisory Directors.
6. To compose the Board of Directors.
7. Any other business

Copies of the full agenda and of the Annual Report for 1991 can be obtained from National Westminster Bank PLC, Global Securities Services, Basement, Juno Court, 24 Prescott Street, London E1 8BB or Robeco U.K. Limited, 4 Carlos Place, Mayfair, London W1Y 5AE. Telephone: 071-408 3507.

Holders of Share Warrants to Bearer desirous of attending or being represented at the Meeting, should lodge their Share Warrants by hand (postal deliveries will not be accepted for voting purposes) with the National Westminster Bank PLC, Global Securities Services, Basement, Juno Court, 24 Prescott Street, London E1 8BB, (between the hours of 10 a.m. and 5 p.m.) in exchange for a receipt, not later than Thursday, 9th April, 1992.

Beneficial owners whose Share Warrants are presently deposited with a Bank must obtain a Certificate of Deposit signed by the Bank as evidence that such Bank is holding the Share Warrants. The Certificate of Deposit must be lodged against receipt, by that Bank, with the National Westminster Bank PLC, in accordance with the requirements stated above.

The receipt for the Share Warrants or Certificate of Deposit will constitute evidence of a shareholder's entitlement to attend and vote at the Meeting and should be presented at the door of the Meeting. If a holder desires to attend the Meeting, to attend and vote in his stead, a form of proxy may be obtained from the National Westminster Bank PLC as above and this form of proxy must be presented at the door of the Meeting together with the receipt for the Share Warrants or Certificate of Deposit.

Beneficial owners of Sub-shares registered in the name of National Provincial Bank (Northern) Limited desirous of attending or being represented at the Meeting must obtain a receipt or Certificate of Deposit in the same way as holders of Share Warrants to Bearer. If they desire to attend the Meeting in person or to be represented they must obtain a form of proxy signed by National Provincial Bank (Northern) Limited, which form must be presented at the door of the Meeting together with the receipt for the Sub-share Certificates or Certificate of Deposit.

Beneficial owners of Sub-shares registered in any name other than that of National Provincial Bank (Northern) Limited, holders of Registered Full Shares and Shareholders who maintain a Shareholders' Account with the Company wishing to attend and vote at the Meeting or to appoint a proxy to attend and vote in their stead, must sign their intention to attend or to appoint a proxy to attend and vote in their stead, not later than Thursday, 9th April, 1992.

Service contracts are not entered into with the Directors, who hold office in accordance with the Articles of Association.

BY ORDER OF THE MANAGEMENT
Dated this 31st day of March, 1992
P.O. Box 973
Rotterdam

ROLINCO N.V.

(Investment company with a variable capital)

ANNUAL GENERAL MEETING OF SHAREHOLDERS

to be held on Thursday, 18th April, 1992 at Concert and Congress Building "de Doelen", entrance Kruisplein 30, Rotterdam, at 11.45 a.m.

AGENDA

1. Opening
2. To receive and adopt the Report of the Board of Directors for the financial year 1991.
3. To receive and adopt the Annual Accounts for the financial year 1991.
4. To determine the appropriation of the profit.
5. To compose the Board of Supervisory Directors.
6. To compose the Board of Directors.
7. Any other business

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Service contracts are not entered into with the Directors, who hold office in accordance with the Articles of Association.

BY ORDER OF THE MANAGEMENT
Dated this 31st day of March, 1992
P.O. Box 973
Rotterdam

RORENTO N.V.

(Investment company with a variable capital)

INFORMATIVE MEETING FOR SHAREHOLDERS

to be held on Thursday, 18th April, 1992 at Concert and Congress Building "de Doelen", entrance Kruisplein 30, Rotterdam, at 14.30 p.m.

AGENDA

1. Opening
2. To receive and adopt the Report of the Board of Directors for the financial year 1991.
3. To receive and adopt the Annual Accounts for the financial year 1991.
4. To determine the appropriation of the profit.
5. To compose the Board of Supervisory Directors.
6. To compose the Board of Directors.
7. Any other business

Copies of the full agenda and of the Annual Report for 1991 can be obtained from National Westminster Bank PLC, Global Securities Services, Basement, Juno Court, 24 Prescott Street, London E1 8BB or Rorento U.K. Limited, 4 Carlos Place, Mayfair, London W1Y 5AE. Telephone: 071-408 3507.

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Service contracts are not entered into with the Directors, who hold office in accordance with the Articles of Association.

BY ORDER OF THE MANAGEMENT
Dated this 31st day of March, 1992
P.O. Box 973
Rotterdam

Rainbowclear Ltd
(A Rainbow Development)

The Joint Administrative Receivers J D Newell and W S Martin offer for sale the business and assets of this company.

Principal features of the business include:

- Turnover £8 million p.a.
- Joinery manufacturer and hotel and leisure contractors
- Located in Blackpool
- Attractive leasehold premises including modern purpose built joinery workshop
- Access to highly skilled workforce

For further details contact Manu Mistry or either of the joint Administrative Receivers at Ernst & Young, Lowry House, 17 Marble Street, Manchester M2 3AW. Telephone: 061-953 9000. Fax: 061-834 7177.

ERNST & YOUNG
Authorised by the Insolvency Act 1986 to act as Joint Administrative Receivers in England and Wales to carry on Insolvency Business.

TRUSVILLE HOLIDAY VILLAGE - LINCOLNSHIRE COAST

Due to the retirement through ill health of the owner FOR SALE BY AUCTION after 68 years. Tuesday 20th April 1992

AT TRUSTHORPE, MARLETHORPE AT 3 PM

Holiday complex of 11.35 acres approximately with 100 holiday cottages and 100 holiday homes. The complex includes a swimming pool, tennis courts, three shops, two snack bars, additional 33 let stable pitches; sea front extensive with excellent potential.

FREEHOLD SUBJECT TO THIS SEASONS LETS

Further particulars from the Auctioneers

DDM
Dorset Development Management

1 Cornmarket, Litchfield, Staffs. ST16 6JG. Tel: 0527 66781 Fax: 0527 66753

OPPORTUNITY GERMANY

We are a family-owned Company established for 37 years in North-Rhine-Westphalia importing and distributing power tools and accessories for the Building and Construction Industry through an employed salesforce and Dealer network covering the whole Country. For personal reasons the owners invite offers for the Company as a going concern. Assets include a prestigious building with close access to Autobahn. Current T/O DM.15,000,000. For further details write to Box H6691, Financial Times, One Southway Bridge, London SE1 9HL.

RESIDENTIAL LETTING AGENT.

North London. Net t/o £157,000. np £86,000. Freehold £250,000 or leasehold £125,000. (0438) 367222.

TRAVEL AGENCY FOR SALE

International Group wishes to dispose of subsidiary in Central London with £2.7m turnover. Write Box H6692, Financial Times, One Southway Bridge, London SE1 9HL.

FOR SALE

Mature 18-hole "Pay As You Play" Golf Course on well drained land. Situated near the busy town of Swindon. Shrewsbury Park Golf Course Shrewsbury. Write Box H6693, Financial Times, One Southway Bridge, London SE1 9HL.

FISH FARMS FOR SALE WORLDWIDE.

AFP (agent)
Tel 0387 59430
Fax 0387 57451

PUBLIC NOTICES

PIPE-LINE ACT 1962 ELECTRICITY & PIPE-LINE WORKS (ASSESSMENT OF ENVIRONMENTAL EFFECTS) REGULATIONS 1990

APPLICATION FOR PIPE-LINE CONSTRUCTION AUTHORISATION CONOCO (UK) LIMITED - PROPOSED CMS TRUNKLINE - THEDDLETHORPE LINCOLNSHIRE - 26 INCH NATURAL GAS (WET) & 4 INCH METHANOL CROSS-COUNTRY PIPE-LINES

Conoco (UK) Limited hereby gives notice in accordance with the provisions of part 1 of Schedule 1 to the Pipe-lines Act 1962 and the regulation 7(b) of the Electricity and Pipe-line Works (Assessment of Environmental Effects) Regulations 1990, that an application has been made to the Secretary of State for Energy for the grant of authorisation for construction of cross-country pipe-lines.

The proposed pipe-lines, which are to be for the conveyance of Natural Gas (wet) 26 inch and Methanol 4 inch, are to run between the Meas Low Water Mark at Theddlethorpe and the Viking Gas Terminal, Theddlethorpe.

The pipe-lines will be operated by Conoco (UK) Limited on behalf of the Cluster Murdoch System (CMS) partners.

A copy of the map, on which the proposed route of the pipe-lines is delineated and which will run with the title of *variation of 200 metres* on either side and the Environmental Statement (which accompanied the application) can be inspected during normal office hours at 11 Palace Street, London SW1E 5HE and at the offices of the following local authority: East Lindsey District Council, Toddler Hall, Manby Park, Louth, Lincolnshire LN11 8UP.

A copy of the Environmental Statement may be obtained from: Conoco (UK) Limited, CMS Development Project, St Georges House, 5 St Georges Road, Wimbeldon, London SW19 4DD.

Attention: The Pipeline Manager while stocks last, at a cost of ten pounds each.

Objections to this application should be made in writing, setting out the grounds of objection and bearing the reference PX 75/007/2 and should be sent to the Secretary of State for Energy at 11 Palace Street, London SW1E 5HE (marked FAO Mr G R T Cobb, Pipe-lines Planning Group) to arrive not later than 15th April 1992.

Conoco (UK) Limited Mr D L Collins Secretary 116 Park Street London W1Y 4NN 26 March 1992

LEGAL NOTICES

Company No. 2497581 Registered in England and Wales. **PETER (SITTINGBOURNE) LIMITED** NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above-named company will be held at 11 Palace Street, London SW1E 5HE, on 16th April 1992 at 10.30 a.m. for the purpose of having laid before it a copy of the report prepared by the Administrative Receiver under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act. Creditors are only entitled to vote if they have delivered to us at the address above shown, no later than noon on 15th April 1992, written details of the debts they claim to be due to them from the company, and the claim has been duly admitted under the provisions of Rule 5.11 of the Insolvency Rules 1986; and b) there has been lodged with us any proxy which the creditors intend to use on the day of the meeting.

Please note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned; photocopies (including telexed copies) are not acceptable. Date 26/03/92. C J Hughes and J M Trebble, Administrative Receiver.

NOTICE TO CREDITORS

THE INSOLVENCY ACT 1986 BRITISH & COMMONWEALTH CAPITAL PLC

(IN CREDITORS' VOLUNTARY LIQUIDATION) WE, STEPHEN JAMES LISTER ADAMSON AND GARETH HOWARD HUGHES of Ernst & Young, Bexley House, 1 Lambeth Palace Road, London SE1 7EL, hereby give notice that on 16 March 1992 we were appointed Joint Liquidators of the above-named company by resolution of its members and that our appointment was confirmed by the court. The company's creditors are hereby notified that, if they are required, on or before 16 April 1992 (the last day for proving), to send in their claims and addresses, and particulars of their debts or claims, and the names and addresses of their solicitors (if any) to us, Joint Liquidators of the company, and, if so requested by notice in writing from us, to provide their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distributions made before such debts are proved.

NOTICE IS ALSO HEREBY GIVEN that the Joint Liquidators intend to declare a first dividend distribution to creditors of the above company after 18 April 1992 (within four months of this date) and that any creditor of the company who has not made a claim on or before the last day for proving will not be entitled to participate in that distribution. Dated the twenty sixth day of March 1992 S J L Adamson and G H Hughes Joint Liquidators.

CORPORATE GOVERNANCE

The FT proposes to publish this survey on June 3 1992. This survey will be seen by 54% of Chief Executives in Europe's top companies. If you wish to reach this important audience, call Sara Mason on 071 873 3349 or fax 071 873 3064 for advertising details. Data source: Chief Executives in Europe 1990

ART GALLERIES

MARLBOROUGH & ALBEMARLE STREET, London W1. ANDREW JACKSON Painting 1982 to 1982. 20 March - 25 April 1992. Mon-Fri 10.30 Sat 10.30-12.30. Tel: 071 628 5191.

FT SURVEYS

BREWING INDUSTRY MANUFACTURER

J.L. McLennon Limited

The Joint Administrative Receivers, John Powell and David Corney, offer for sale the business and assets of this established manufacturer of machined spare parts for bottling, canning and filling machines and the design and manufacture of bottle and conveyor systems.

Principal features of the business include:

- turnover £3.8 million (1991)
- extensive machine shop facilities
- established blue chip customer base
- innovative and respected design shop
- leasehold premises
- Birmingham based.

Please address all enquiries to The Joint Administrative Receiver, John Powell or Kevin Haycock, Cork Gully, 43 Temple Row, Birmingham B2 5JT. Telephone: 021-236 9966. Fax: 021-200 4040.

Cork Gully is understood to be the name of Copen & Lybrand Deloitte by the licensee of Chartered Accountants in England and Wales to carry on Investment Business.

CHRISTIE & CO

M's SPORTS & LEISURE COMPLEX

Saltire, Shipley, West Yorkshire

Substantial, modern purpose built leisure sports and leisure complex within suburbs of major city. Situated within 8 acres and incorporating around 25,000 sq ft total floor area. Briefly comprising: function room (350), cafe (150), lounge bar, family room, plus 2 gymnasiums and associated facilities. Separate 3 bed private accommodation. Large car park and playing fields.

Offers invited.

Leeds Office Ref: 547/839
Joint Sale Selling Agents: Edsons Commercial, Bradford Tel: (0274) 34101

LANCASHIRE Care Home

Registered for 24 Fees £190 p.w. Business established for 25 years in Lancashire. Detached property with adjoined 2 bedroom owners/managers house. Close to town centre. High occupancy maintained.

£395,000 freehold.

Manchester Office Ref: 567/8339

SOUTH GLAMORGAN Residential Care Home

Registered for 16 Fees £190 p.w. Business established for 25 years in Lancashire. Detached property with adjoined 2 bedroom owners/managers house. Close to town centre. High occupancy maintained.

£395,000 freehold.

Manchester Office Ref: 567/8339

NOTTINGHAMSHIRE Residential Care Home

Substantial, single storey, purpose built unit comprising 12 plus 16 warden aided flats, full lounge, lounge, dining room, attractive gardens, car parking and 1 bed owners flat. High occupancy level.

Offers around £450,000 freehold.

Nottingham Office Ref: 577/0096

CHRISTIE & CO

Bristol Office - 0272 744566
Leeds Office - 0532 499667
Manchester Office - 061 835 3311
Nottingham Office - 0462 463100

PERSONAL

DEAR MRS. HUGHES, it is with a heavy heart that I write to you. I have a wonderful and very happy day. My thoughts are always with you. I love you forever. A.J.P.

CONFERENCES & SEMINARS

UNIVERSIDAD COMPLUTENSE

HARVARD LAW SCHOOL

PROGRAM OF INSTRUCTION FOR LAWYERS

Managed by: **INSTITUTO DE EMPRESA**

In conjunction with: **LA LEY**

ILUSTRE COLEGIO DE ABOGADOS DE MADRID

Once more HARVARD LAW SCHOOL and the UNIVERSIDAD COMPLUTENSE DE MADRID invite you to participate in the Program of Instruction for Lawyers which will be held in Madrid organized by the INSTITUTO DE EMPRESA in conjunction with LA LEY y EL ILUSTRE COLEGIO DE ABOGADOS DE MADRID.

The different courses will offer an insight into the legislation and business practices in the international field.

The program is not only aimed at Lawyers but also at those professionals mindful of the increasing need for an awareness of international trends.

The courses will be given in English.

- COURSES**
- Introduction to Corporate Restructurings and Settlements with Holders of Senior Securities. *Prof. Brudney.*
 - United States Constitutional Law. *Prof. Parker.*
 - The Law and Theory of Restrictive Trade Practices on Competition. *Prof. Areeda.*
 - International Litigation in U.S. Courts. *Prof. Chayes.*
 - Business Planning: Allocation of Control and Financial Interest in Private Corporations. *Prof. Herwitz.*
 - International Regulation of Banking. *Prof. Scott.*
 - European Community Law. *Prof. Kennedy.*
 - Negotiation Workshop. *Prof. Patten.*

For further information:
INSTITUTO DE EMPRESA
Departamento de Seminarios
María de Molina, 12 - bajo izda. 28006 Madrid. SPAIN
Tels.: (91) 564 53 54/ 564 54 74/ 564 54 14 - Fax: (91) 564 40 64.

FT LAW REPORTS

Admitted conduct loses Spens costs

REGINA v SPENS
Southwark Crown Court:
Mr Justice Henry
March 13 1992

A PROSECUTION decision in the public interest and with court approval to offer no evidence against the accused despite having sufficient evidence to proceed, does not compel a not-guilty verdict, and the court has an unfettered discretion to record such a verdict or to stay proceedings permanently. And where the proceedings are stayed so that the accused is never tried to a verdict, the court may examine his admitted conduct to ascertain whether there is a positive reason for refusing to pay his costs out of public funds in that he brought the prosecution on himself.

Mr Justice Henry so held when (1) refusing an application by Patrick Michael Rex Spens for a not guilty verdict following discharge of the jury in fraud proceedings against him and his co-defendant, Roger Seelig, arising out of the Guinness takeover of Distillers group; (2) refusing his application for a costs order; and (3) granting his application for remission of his £100,000 legal aid contribution.

HIS LORDSHIP said that Mr Seelig's mental health had broken down under the strain of conducting his own defence. The court had discharged the jury from giving verdicts in respect of him and Lord Spens. Because of Mr Seelig's impact on the trial it would not have been right to continue as against Lord Spens alone.

On a *nolle prosequi* direction by the Attorney General, the proceedings against Mr Seelig were stayed without a verdict being given.

Lord Spens was in a different position. Nothing in the state of his health prevented him standing trial again in front of a second jury. The director of the Serious Fraud Office had stated that there was sufficient evidence to proceed against him, but she decided the public interest did not require him to undergo a second trial.

She offered no evidence against him.

Lord Spens now applied for a not-guilty verdict.

Section 17 of the Criminal Justice Act 1967 provided that where the prosecution proposed to offer no evidence the court "may if it thinks fit, order that a verdict of not guilty shall be recorded".

Where there was insufficient evidence for the Crown to proceed, the usual practice was to direct that a not-guilty verdict be recorded.

But that was not this case. Here there was sufficient evidence.

Mr Hood for Lord Spens submitted that where the prosecution offered no evidence for whatever reason and the court expressed approval, as it had here, there was no jurisdiction under section 17 to do anything other than enter a not-guilty verdict.

That was not accepted.

As Parliament had given a discretion whether or not to order a not-guilty verdict when the prosecution offered no evidence, it was implicit that there was a sensible alternative to that course.

The alternative was to order that the indictment should lie on the file, marked not to be proceeded with. Such an order amounted to a permanent stay.

On the strength of the authorities there was an unfettered discretion under section 17.

If the court were to order a permanent stay, it would leave Lord Spens in the same position as Mr Seelig.

There was no injustice in that. In each man's case, for different reasons, a decision had been taken that it would be unfair to proceed further against him. Neither would ever be tried to a verdict.

In those circumstances, it was not right to order a not-guilty verdict in respect of Lord Spens.

The court should grant a permanent stay by ordering the indictment to lie on the file. That was to treat Lord Spens in the same way as Mr Seelig.

Such an order reflected the reality of what had happened. Lord Spens's second application was for a defendant's costs order under section 16(2)(a) of the Prosecution of Offences Act 1986.

Lord Spens had been in receipt of legal aid since December 4 1990.

The costs he might recover out of central funds under sec-

tion 16 did not include expenses incurred on his behalf by the Legal Aid Board or his contribution to the Board. It did include expenses reasonably incurred by him personally in his defence.

Under the section the court's power to make an order lay because Lord Spens had not been tried to a verdict. The section gave an unfettered discretion.

Such an order should normally be made "unless there are positive reasons for not doing so" (*Practice Direction, May 3 1991*). Examples of such reasons were: "The defendant's own conduct has brought suspicion on himself or has misled the prosecution into thinking that the case against him is stronger than it is."

In examining whether a defendant's conduct amounted to positive reason to deny him costs, the court was not restricted to conduct falling precisely within the words of the example. It must examine his conduct and decide in all the circumstances whether it amounted to a positive reason.

In considering Lord Spens's conduct the court based its decision on his account of it, given to Department of Trade and Industry (DTI) inspectors who interviewed him on December 16 1986 and March 17 1987.

The court was entitled to act on what he said on oath to the DTI inspectors, and should act on it, because it had to decide whether public money should be paid to Lord Spens. It was not going outside what he said on oath to the inspectors.

The question was whether Lord Spens's admitted conduct amounted to a positive reason for denying him his costs out of public funds.

Lord Spens was a merchant banker specialising in corporate finance. He was bound to conduct himself in accordance with the City Code on Takeovers and Mergers.

Under general principle 6 of the code, Lord Spens was obliged to use every endeavour to prevent the creation of a false market. He had a professional duty to consult the Takeover Panel on all doubtful questions.

On the Guinness bid for Distillers Lord Spens was faced with an unusual proposition about indemnity-backed share

purchasers, beyond his immediate experience and about which he knew there were two schools of thought. He chose not to consult. The potential for a false market was there for all to see. He took no stance to avoid it. Had he consulted the panel he would have been told to have nothing to do with the transaction. He would therefore not have been prosecuted.

By his conduct he brought prosecution on himself.

It would be wrong to use public funds to protect him from the consequences of that fact.

That was a positive reason for denying him defendant's costs. The application was refused.

Lord Spens's last application was for remission of his legal aid contribution.

At the commencement of the preparatory hearings he was acting in person, as was Mr Seelig. The court urged him and Mr Seelig to apply for legal aid. There was a strong public interest in a defendant's being legally represented in long trials. With both defendants competently represented the trial would have concluded within three or four months rather than the threatened year.

In exercising its discretion the court could approach the matter in the way that reflected the public interest.

It could look at his financial position today, rather than 15 months ago when the matter was assessed. In taking account of his position today, it must have regard to the fact that it was not making a defendant's costs order and that he therefore had liabilities to pre-legal aid lawyers.

Also the court must be satisfied that he was in a position to contribute.

On the figures before it, the court was satisfied that Lord Spens's financial position was not such as would enable him to pay legal aid contribution.

The right order in all the circumstances, having regard to his overall liabilities, was to remit his entire contribution.

For the Crown: Elizabeth Glover QC and Richard Horwell (Serious Fraud Office).

For Lord Spens: David Hood and Simon Stafford-Michael (Garstangs, Bolton).

Rachel Davies

Barrister

Shopping around to find the shine

Maurice Dwek, the dominating presence at the struggling retail jewellers Owen & Robinson, is relinquishing his role as chief executive after coming under pressure from institutional shareholders to appoint outside directors with strong retail experience.

His position is to be filled by Alan Gaynor (right), who over the past 20 years has worked for various retailing companies including Asda, Debenhams, and the Underwood chemists chain. Michael Smith, who spent 11

years at Laura Ashley, latterly as acting chief executive, has also been appointed to the O&R board as finance director.

The incoming pair will face a tough task restoring the company's fortunes. O&R ran into financial problems last year as a result of a disastrous foray into the property market and issued a profits warning in January after the jewellery sector endured a poor Christmas.

But Gaynor, who has spent the past 15 months developing

"pay and play" public golf courses for Carlton Golf, a company he helped to found, believes O&R has the potential to recover strongly. He suggests much more can be done to market the company's 60-store chain of Gold Centres effectively. "People see it as a local jeweller, not a national chain," he says.

Dwek remains as chairman of O&R. Tom Forsyth, the current finance director, and Tony Shasha, property director, will resign from O&R this week.



LPG founder looks abroad

Brian Raincock, one of the pioneers of legal expenses insurance in the UK, is planning a new venture to sell the product overseas after severing his ties with The Legal Protection Group last month.

A former naval captain, Raincock, now 52, founded LPG in 1977 and built up the company during the 1980s before selling out to Sun Alliance in December 1988. LPG was the first insurance company to offer policyholders a 24-hour helpline, backing up its range of personal and commercial legal expenses and professional indemnity policies.

But there the story turns sour. Raincock crossed swords with Sun Alliance senior management about the pace of the subsidiary's development.

Matters came to a head in January when Sun Alliance closed all five of LPG's regional sales offices and made 57 of its 400 staff redundant.

Andrew Somday, 52, has been appointed senior partner of Ashurst Morris Crisp, the City solicitors, following the sudden and unexpected resignation of Martin Bell, on the ground of continuing ill-health. Bell, who is 57, had been senior partner for six years.

Somday, who is a company and commercial lawyer, has worked for Ashursts throughout his professional career having joined the firm in 1963 as an articled clerk. He hopes to be able to continue to act for his existing clients, among them Allied-Lyons and IBM, while he is senior partner. He lives in Hampshire where he has a small farm and breeds pedigree Limousin cattle.

after the company failed to make a profit in 1991. Raincock lost his job as managing director and resigned from the company last month. He says he is still bullish about the prospects for legal expenses and other niche products and is looking for backers who will promote the product abroad.

Chris Burton, formerly finance director of Ratner Mackenzie, is now group finance director of WINNOR, Jonathan Tickner, formerly at Minet, and Jeremy Lowe, formerly at Willis Faber, are appointed directors of Windsor Insurance Brokers; Charles Meaden, who previously ran his own sports management company, is appointed marketing and development director. Patrick Mills, formerly with Minet, is appointed new business director of employee benefits at Lyon Lohr. Windsor's financial services arm.

Departures

Lex Service finance director Alan Costin, 48, is to leave the motor distributor in May. Two weeks ago Lex announced the termination, four years early, of its exclusive contract to import Volvo cars and parts into the UK, and the company has also sold its electronic component distribution businesses in North America and Europe.

Costin, who has been at Lex since 1970, and served as finance director from 1987, specialises in international corporate finance. Lex says that following its "changed structure", priorities had shifted to internal control and financial management. Pre-tax profits for 1991 dropped to £500,000 from £9.1m. Costin will be replaced by Malcolm Robertson, 38, currently group financial controller. Robertson joined in 1990, having worked previously at Burton Group, Levi Strauss and Texas Instruments.

David Kaner has resigned from Kidderminster-based carpet and yarn maker Tomkinsons, where he was marketing director and on the main board. He left "to pursue wider marketing interests outside the carpet industry," says Tomkinsons, which has seen a steady decline in profits over the past three years from £3.8m in 1989 to £1.3m last year.

Greg Vincent has resigned from CLARKE, NICKOLLS & COOMBS.

John Dockerty has retired from J O WALKER.

Richard Jackson has resigned from BENNETT & FOUNTAIN following the disposal of the commercial, electrical and electronic division of which he was md.



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FT SURVEYS

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Rembrandt in London

A light grace and effortless intuition

William Packer

The great Rembrandt has reached London at last, via Berlin - where we first reviewed it on this page - and Amsterdam. With its side-shows and diversions, it makes for a wonderful show, cumulatively as important as any we could hope for, or are ever likely to see. Yet in its very strengths, unless we take care, lies a threatening if but temporary weakness. For Rembrandt scholarship is currently such a hot-bed of controversy, that the debate on authenticity and reattribution may all too easily mask this unique opportunity to confront the undeniable work of the master himself.

Plus c'est la même chose, as it were, plus ça change: as in Berlin and Amsterdam, here at the National Gallery we have the bulk of the show drawn from those three principle holdings of Rembrandt's work, with particular additions. And though the show consists of more or less the same things, its feeling and emphasis is necessarily different, the ample spaciousness of the Berlin display, for example, or the unrepeatable proximity of *The Night Watch* in Amsterdam, giving way to more close and intimate a display.

Indeed it may be argued that large as some of the works are, they are hung here, in the new galleries of the Sainsbury Wing, in rooms more like those they were made for than before. Certainly the group portrait of the Sainsbury Guild seems more at home than in the draughty spaces of the Rijksmuseum. The transition, too, from the undisputed to the reattributed paintings, with their comparative works, is less confusing than before.

With the Rembrandt Research Project now at the mid-point in its sceptical trawl through the oeuvre, this joint

exercise by the three museums in setting an independent benchmark of authenticity, was more than a good idea: it was necessary and right. And how good it is to learn that at least one of the demotions, the National Gallery's own *Anna and the Blind Tobit* - given to Gerrit Dou, by whom it manifestly is not - is under active reconsideration.

However, the extent to which the Project has bedevilled the whole field of Rembrandt studies is nicely pointed by the coincidental display at the Wallace Collection, which by statute cannot lend its works, of its 12 putative Rembrandts, all but one of which are now discounted. It is only right that any truly gifted pupil, such as Willem Drost, should be given his due at last, but to be given the Prick's *Polish Ride* is something else. These things can go too far.

So it continues at the British Museum, where London's unique contribution to the Rembrandt festival is to be found. Instead of the loan group of drawings that travelled with the etchings to Berlin and Amsterdam, the prints are shown by themselves at the National Gallery, while the Museum is showing its entire collection of drawings by Rembrandt, some 30 in all and the largest in the world. Alongside these are displayed drawings from his circle, again many of them uncertain and controversial.

The problem with the drawings is, if anything, even more contentious than with the paintings, given the essential immediacy of the medium, the images so often transient, perfect and incomplete, caught on the wing. Once material contemporaneity is established, the question only a pupil's work by Rembrandt himself. Yet it is not scholars are by no means cer-



Saskia lying in bed awake: a drawing of the artist's wife

tain of distinguishing themselves. When it comes, as sometimes here, to a matter of identifying a drawing as one by a pupil but retouched by Rembrandt, the questions are infinite, every question begged.

Of a reclining lion, c.1648 (no. 88), we read in the catalogue that "the generally cautious draughtsmanship... betrays the hand of a pupil... Yet the broader lines... with a reed pen... are more vigorously executed and with a superior comprehension of the forms depicted. These retouches have been interpreted as corrections to a pupil's work by Rembrandt himself." Yet it is not beyond probability for an artist

to use two sorts of pen on the same drawing, nor for him to pull it all together at the last. Why should not Rembrandt here be correcting himself?

Look, which he used so much. Is by its nature a committing medium, the mark once made difficult to change or modify, let alone remove. It bespeaks caution, at least initially, and there are very many of the unretouched drawings of which we can say as much. And in a drawing, the artist is not on oath. If it goes wrong, it goes wrong and hardly matters, yet too often the instinct of the scholar is to remove it from the canon. So we read of the retouched lion (no. 92), that "the surprise that Rembrandt

retouched the darker outlines... is not convincing: some of the least secure parts... including the front paw, are executed in the darker ink."

The miracle with Rembrandt, as with any great artist, is not so much the success, beauty or indeed security of the particular drawing, as that it is there at all, and we so close to his touch and presence and visible thought. That the image that results should indeed be beautiful and convincing is merely a miraculous bonus, a function of the artist's process and engagement with his subject and material. That it should be carried off with so light a grace, as Rembrandt so

often does, is for us to wonder that these things can be done at all. A sleeping girl, a self-portrait, he conjures on to the page in a few strokes of the brush. He draws a landscape as he would write a note to tell you the way, with effortless intuition - "you go down the lane", he would seem to say, "over the bridge, on past the inn and into that wood..."

Rembrandt: The Master and his Workshop - paintings & etchings: the National Gallery until May 24
Drawings by Rembrandt & his Circle: the British Museum until August 4
Both exhibitions sponsored by American Express.

Opera at the New York Met

Elektra

Andrew Porter

Strauss's *Elektra* is the last new production of the Met season. Like *Tannhäuser*, the *Ring*, and *Parsifal*, it is produced by Otto Schenk and conducted by James Levine. It is designed by Jürgen Rose, who did the *Salome* not long ago.

Rose is a designer adept in many manners. Here he has provided a monochrome roofed courtyard, spanning the Met's width and height, where light shafts in from a tall slot in the right wall and is otherwise supplied by follow-spots switched on to each principal as she or he enters. Dramatic light is an operatic element to which the Met, wedded to its house man, Gil Wechsler, accords little attention.

Steps rise steeply to a giant double door in the palace façade, which gives on to a diagonal inner staircase. Mycenae has evidently been shaken by an earthquake: although the main walls stand square, the steps and a terrace to the right of them are out of true, and the left side is filled with a huge, shattered bronze of a horse, lying on its side. This horse serves as a symbol of Agamemnon. *Elektra* addresses it often, spreading its Chrysothemis across it while exhorting her, scrabbles for the axe within it, and caresses a fellok while remembering her father. For the rest, Schenk's production is as conventional and drab as his *Ring*: individual singers have to light it.

Hildegard Behrens, in the title role, did so. When she began, there was so heavy a beat in her voice and so strenuous a shift between registers that one feared she might not last out the evening. But she did. Sheer will, feeling, instinct, fire impelled a strong voice shattered by years of strain into a thrilling performance. She was still able to pull out shining high notes, telling chest tones, an eloquent middle. And she felt and made much of every phrase of the role.

In a little black dress (Chanel would have been proud), she looked tall, slender, and young - exciting. There

was not much else to admire. Deborah Voigt, the Chrysothemis, was a heavily draped mountainous pudding, her main merit an ability to scream out high notes shillingly on pitch, excellently audible above Levine's loud orchestra.

Leonie Rysanek, on the other hand, effortlessly banged out Clytemnestra's music, hammy, on pitches so approximate that they were embarrassing. Bernd Weikl, a portly Orestes, stood and delivered, and managed by his physical ineptitude to kill the excitement that Miss Behrens - alive, alert, climactic, responsive to the score - was striving to creating at the Elektra-Orestes encounter. James King was a dull, routine Aegistheus.

But by the first-night audience the show was cheered to the skies. It is hard to know what Levine, the artistic head of the Met, really wants. A cheering (if undiscriminating) public? He got that. A spin-off recording and video? They are presumably in the works. Orchestral playing of uncommon excellence and beauty? He got that too, and the orchestral sound was the main reward of the evening - whenever one removed attention from the stage (where, as Wagner insisted, operas happen) and listened with averted eyes.

But if one then listened to the whole score - voices and players at once - Levine seemed to be an undramatic, untheatrical, unoperatic conductor: unresponsive to his particular cast as he encouraged his brassy to blare and his drums to crash and drown them; sluggish in his self-indulgent, loving enactment of Strauss's score; vulgar in his stressing of the obvious.

He is a puzzle. His Met is a puzzle. One does not hear operas better played than they are when he conducts them. But oh! How dreary, how pointless, how dated, how unimportant to New York life the jobbing all around this all-star *Elektra* - apart from the telling, electric Miss Behrens - did seem.

Abbey Theatre, Dublin/Alannah Hopkin

Moonshine

Waterford's Red Kettle Theatre Company has replaced Galway's Druid Theatre as the provincial company to watch in Ireland. Red Kettle has the advantage of an interesting young playwright, Jim Nolan, among its number.

Nolan's *Moonshine*, ably directed by Ben Barnes, makes the transition from Waterford's smaller, more intimate theatre to the vast open spaces of the Abbey with apparent ease.

The cast at first appears to have escaped from the pages of a William Trevor story: McKeever, an incompetent and mildly-batty undertaker obsessed with amateur dramatics; his assistant Michael, the inevitable half-wit; the Rev Langton, a Church of Ireland rector who has lost both his congregation and his faith. Add a sexy schoolgirl, a

greasy, foul-mouthed gravedigger, and the trim rector's daughter, Lizzie, returning after a five-year absence to see her dying mother, and you would seem to have the formula for a predictable, tragicomic exploration of small-town life.

But this is to reckon without McKeever's extraordinary determination to present *A Midsummer Night's Dream*, although his cast, like Rev Langton's congregation, keep diminishing and is now reduced to four, including himself.

Then there is the revelation that Lizzie left home at 17 because of an unhappy affair with the middle-aged undertaker. Gradually the characters reveal themselves as deeper and more complicated than their appearance would suggest.

Given the fact that McKeever

is an undertaker, and the setting is a disused Church of Ireland, it is small wonder that the jokes are not particularly subtle, descending even to a running commentary during an on-stage embalming session.

There are better jokes, chiefly those of another playwright, during the rehearsals of the *Pyramus and Thisbe* scene from the *Dream*, an interval presented by "rude mechanicals just like us", as the cast keep reminding themselves.

At the climax of the play, when Rev Langton breaks down during his last sermon, Michael, with supreme intuition, introduces the *Pyramus and Thisbe* scene into Mrs Langton's funeral service. Religion and theatre become interchangeable sources of relief

from the tedium of everyday life - the "Moonshine".

On the strength of this play, Jim Nolan is a competent writer rather than a brilliant one. He cannot resist the easy laughs, but he compensates for this by achieving, occasionally, moments of high mayhem. His women are the least developed characters, and have the flattest lines. For enigmatic Lizzie to greet her lover after a five-year with "long time no see" is just not good enough.

While Tom Hickey gives a fine performance as the frenetic McKeever, Frank McCusker's amazingly touching and dignified village idiot steals the show. At first he seems merely stupid, then dangerously vulnerable, and, ultimately, like all the best fools, the only wise one among us. His performance will be remembered long after the undertaking jokes are forgotten.



Prunella Scales handles her role as the mother with delicious aplomb

Some Singing Blood

Heidi Thomas's latest new play is a weird brew of the louché, the lapidary and the loquacious. The situation is of the louche: from Blackpool, a bereaved young daughter arrives in archly compacted biscuit-tin to scatter them at the Zimbabwe retreat of an old Army friend, who proves to have been his lover in Korea - and whom she then decides to marry. (Little chances are to punctuate the evening as the cinders get trodden underfoot.) Her mother arrives from her dress-shop in tepid pursuit, with a crisp wedding-gown and a limp eye in tow.

Mostly they deliver themselves in archly compacted phrases. Describing her (transvestite) father's terminal decline, Alison remarks: "Empathy became a habit to us". Later, her unlikely fiancé tells her "You have laid waste the map", and widowed Iris declares that "Disasters run piggyback through my life". But often the laconic sentences come in long paragraphs:

sooner or later even the most tight-lipped characters - Anton Rodgers' impeccably curdled old lover, Gary McDonald's gentle, sullen Man Friday-figure - get their arias and duets, visionary, reminiscent and/or confessional.

As with Christopher Fry and Joe Orton, the verbal high-wire exercises are very nearly the substance of this piece. Indeed, a side revelation of Ms Thomas's play is how much Fry's manners and Orton's have in common. Julia Ford's Alison, frail and plucky, speaks like a younger sister to the Fry lady who was not for burning; yet when Prunella Scales' Iris arrives with the comic relief (absurd stiletto heels in the bush), we slip into Orton territory without any gear-change in the diction.

Everybody is wryly, articulately self-aware. That has its drawbacks. For one thing Iris, who irresistibly dominates the play, has to invite regular laughs at her sub-middle-class gentility, but is so sharp and

knowing that we cannot credit her fussy pretensions (though Miss Scales straddles her split character with delicious aplomb, and Christopher Ettridge's Uncle Dermot makes an amiable fool).

For another, the trajectory of the story prescribes a hard, gory end, and the hyper-conscious language is not up to sustaining that. The operatic final turns reveal secrets disappointingly less lurid than the original situation, and they cut no believable dramatic ice.

Julie Wright has directed the whole affair with close sympathy, and if the play has precious little to do with real-life Africa, Fouta Dimou has still devised a fine, weather-beaten bush-cottage to set it in. Next time Ms Thomas should hand herself a less exacerbated, inflammatory story, one where her artful language can stand up to carrying the dramatic crises.

David Murray

Royal Court Theatre Upstairs
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ARTS
GUIDE
TODAY'S EVENTS

AMSTERDAM

Concertgebouw 20.15 Frans Brüggen conducts the Orchestra of the 18th Century in symphonies by Haydn and Schubert. Thurs and Fri: Riccardo Chailly conducts the Royal Concertgebouw Orchestra. Sat: Mendelssohn's *Elijah*. Next Tues: Dmitri Hvorostovsky (6718 345) Muziektheater 20.15 Dutch National Ballet in new choreographies by Ashley Page and Toer van Schayk, plus Frederick Ashton's *Scenes de ballet*, also Thurs, Fri, Sat and Sun. Tomorrow: Mozart's *Mitridate* (8255 455)

BERLIN

Schauspielhaus 20.00 Sergiu Celibidache conducts the Berlin Philharmonic Orchestra in Bruckner's Seventh Symphony, repeated tomorrow. These two charity concerts are the first time since 1951 that the BPO has been conducted by its former chief conductor, who will celebrate his 80th birthday in June (West

Berlin 825 6160) Deutsche Oper 19.30 Franz Weiser-Möser conducts *Aida*. Tomorrow: Roland Petit ballet evening (West Berlin 3410 249)

BOLOGNA

Teatro Comunale 18.00 Daniel Oren conducts Alberto Fassini's production of *Francesca da Rimini*, repeated on Fri and Sun afternoon (529999)

BRUSSELS

Palais des Beaux Arts 20.00 Cleveland Quartet plays string quartets by Mozart, Dvořák and Puccini. Tomorrow: Thurs and Fri: Ballet of La Scala, Milan. Sat: Bach's *B minor Mass*. Sun: Pierre Bartholomée conducts *Firebird*, Petrushka and *The Rite of Spring* (507 8200). Tomorrow, Thurs, Fri in *Monnaie*: ballet by Anne Teresa De Keersmaeker. Sat: Dietrich Fischer-Dieskau (218 1211) Theatre National 20.15 Molière's *Tartuffe*. Daily except Sun till April 11 (217 0303)

FLORENCE

Teatro Comunale 20.00 Jan Latham-Koenig conducts Luc Bondy's production of *L'Incoronazione di Poppea*. Sat and Sun: La Sylphide (277 9236)

GENEVA

Victoria Hall 20.30 Kurt Sanderling conducts the Orchestre de la Suisse Romande in Mozart's *Fifth Violin Concerto*

(Miriam Fried) and Bruckner's Seventh Symphony, repeated tomorrow in Geneva and on Thurs in Lausanne. Sun: Michel Plasson conducts Prokofiev's *Peter and the Wolf* and Saint-Saëns' *Carnival of the Animals* (829211) Comedie 20.00 Chekhov's *The Seagull*. Daily till Sat (205001)

LONDON

Covent Garden 19.30 Stuart Bedford conducts Colin Graham's production of *Death in Venice*, with Philip Langridge as Aschenbach, also Fri. Tomorrow and Sat: Les Contes d'Hoffmann. Thurs: Rossini's *Guillaume Tell* (071-240 1086) Coliseum 19.30 Martin Merry conducts Jonathan Miller's *ENO* production of *Il barbiere di Siviglia*, also Fri. Tomorrow: Monteverdi's *Orfeo*. Thurs and Sat: new production of *Don Carlos* (071-836 3181)

MADRID

This week's events at the Auditorio Nacional de Musica include a recital tonight by the Fine Arts String Quartet and a piano recital on Thurs by Angeles Renfiera. Fri, Sat, Sun: Aldo Ceccato conducts the Spanish National Orchestra in works by Berlioz, Ravel, Rakhmaninov and Stravinsky (337 0100). Thurs at Teatro Albeniz: Spanish National Ballet (522 0200).

MILAN

Teatro alla Scala 20.00 Riccardo

Muti conducts a revival of *La traviata*, also Thurs and Sat. Tomorrow, Fri and Sun: Iphigénie en Tauride (720 3744)

NEW YORK

Jazz/Cabaret Trumpet virtuoso Maynard Ferguson tonight brings his nine-piece Big Bop Nouveau Band to the Blue Note Jazz Club and Restaurant for a six-night, 12-show engagement (131 West 3rd St, 475 6592).

CONCERTS/OPERA

Avery Fisher Hall 19.30 André Previn conducts the New York Philharmonic Orchestra in Britten's *Sinfonia da Requiem*, Rakhmaninov's *First Piano Concerto* (soloist Jean-Philippe Collard) and Prokofiev's Seventh Symphony. Fri and next Tues: Previn conducts an all-Beethoven programme (875 5300) Carnegie Hall 20.00 Yuri Temirkanov conducts the Philadelphia Orchestra. Thurs and Fri: Barenboim conducts the Chicago Symphony (247 7800) Metropolitan Opera 20.00 James Levine conducts Otto Schenk's new production of *Elektra*, with Hildegard Behrens, also Fri. Tomorrow: Plácido Domingo in *La fanciulla del West* (362 6000)

PARIS

Opéra Bastille 19.30 Myung-whun Chung conducts first night of Nicholas Joel's new production of *Un ballo in maschera*, with Luciano Pavarotti, Aprile Millo and Alexandru Agache. Runs till April 25, with Pavarotti

scheduled to sing on April 3, 6, 9 and 14 (4001 1615) Théâtre des Champs-Élysées 20.30 Gary Bertini conducts the Cologne Radio Symphony Orchestra in Mahler's Seventh Symphony. Thurs: Skowronczewski conducts the Orchestre National de France (4720 3637) Palais des Congrès 20.30 Ukraine National Ballet in Miroslav Vantoukh's choreographic tribute to the company's co-founder Paul Virsky. Runs till April 12, with next performance on Fri (4086 0006)

WASHINGTON

Theatre Tintypes: a musical retrospective of the turn of the century, filled with vaudeville, song and dance. Runs till April 12 (Roundhouse Theater, 301-217 3300).

Macbeth: Washington Shakespeare Company production. Runs till April 12 (Church Street Theater, 703-739 9888).

CONCERTS/DANCE

Kennedy Center American Ballet Theatre: ballets by Smuin, Dove and Robbins are featured tonight. Tomorrow and Thurs: Fri: world premiere of new Agnes de Mille work, plus *Raymonda* and *Firebird*. Sat evening and Sun morning: triple bill including Ashton's *Symphonic Variations*. National Symphony Orchestra: this week's concerts (tonight, Thurs, Fri afternoon and Sat) are conducted by Christopher Hogwood. Sun

afternoon: Choral Arts Society performance of Bach's *St Matthew Passion*. Chicago Symphony Orchestra: Daniel Barenboim conducts tomorrow's concert featuring works by Beethoven, Mozart and Richard Strauss. Tomorrow in Terrace Theater: Manchester String Quartet. Fri: Andre Watts (467 4600)

JAZZ/CABARET

Blues Alley Jazz Supperclub This week's guest is Lou Rawls (vocals). Next week: Charlie Byrd Trio (1073 Wisconsin Ave, in the alley, 337 4141)

ZURICH

Opernhaus 19.30 Zoltan Pesko conducts Marco Arturo Marelli's production of Ligeti's *Le Grand Macabre*. Tomorrow and Sat: Nikolaus Harnoncourt conducts Jürgen Fimm's new production of *Fidelio*. Thurs: *Entführung*. Fri: ballets by Bernd Roger Blener. Sun: Don Giovanni (262 0909) Tonhalle 19.30 Isaac Karabitschewsky conducts the Tonhalle Orchestra in music by Villa-Lobos and Debussy, with Edith Peinemann soloist in Bartók's Second Violin Concerto. Tomorrow and Thurs: Maurice Bourgeois wind ensemble. Fri: Andrew Davis conducts the BBC Symphony Orchestra (201 1580). Sun afternoon: Zurich Chamber Orchestra plays works by Mendelssohn, Beethoven and Kelterborn. Sun evening in Fraumünster: The King's Singers (261 1600)

European Cable and Satellite Business TV

(all times CET)

MONDAY TO FRIDAY

CNN 2000-2030, 2300-2330 World Business Today - a joint FT/CNN production with Grant Perry and Colin Chapman

Super Channel 0830-0900 (Mon) FT East Europe Report - weekly in-depth analysis from FTTV

0930-1000 (Tues) Spiegel TV - Int Report - the real world of documentary

2100-2200 (Tues) Media Europe - what's new in European media business

2130-2200 (Wed) FT Business Weekly - global business report with James Bellini

0830-0900 (Thurs) Media Europe 2130-2200 (Thurs) FT Eastern Europe Report

0830-0900 (Fri) FT Business Weekly 2130-2200 (Fri) Spiegel TV - Int Report

Sky News 0130-0200 (Mon), 2130-2300 (Thurs), 0530-0600 (Fri) FT Business Weekly

SATURDAY

CNN 0900-0930 World Business This Week - a joint FT/CNN production

1900-1930 World Business This Week

Super Channel 1500-2000 FT Eastern Europe Report

Super Channel 1500-2000 FT Eastern Europe Report

SUNDAY

CNN 1030-1100, 1800-1830 World Business This Week

Super Channel 1500-1800 FT Business Weekly

Sky News 1330-1400, 2030-2100 FT Business Weekly

FINANCIAL TIMES

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Tuesday March 31 1992

Labour and the trade unions

THE REFORMS imposed upon Britain's recalcitrant labour market over the past decade stand as one of Mrs Thatcher's most important achievements. The Labour party is committed to retaining a significant part of the Conservative trade union legislation. But Labour's own agenda of "partnership" and "fair treatment" for individuals at work calls into question much of the wider deregulation of the Thatcher years, and could radically change UK industrial relations.

The Conservative programme of union reform is now largely complete and has been revised in the past few months in response to political not industrial priorities. Judging by the government's white paper on industrial relations, published in February, Mrs Thatcher's successors believe we are approaching a near perfect labour market in which unions and collective bargaining are marginalised.

That is wishful thinking. Britain's industrial relations are more tranquil than they have been for decades and pay setting has become more flexible. But easier hire and fire for employers has made only a small dent in Britain's structural unemployment. Further, despite unemployment at more than 2m for most of the decade and the toughest labour legislation this century, Britain's employed "insiders" still pay themselves too much.

Collective bargaining

Mr Michael Howard, the secretary of state for employment, points to the New Earnings Survey figures, which suggest that collective bargaining no longer pays.

In 1983 those covered by bargaining earned 23 a week more than those not covered. By 1991 those covered were earning £7.50 a week less. These figures reflect the fact that real pay for non-manual workers rose 33 per cent between 1979 and 1989, while for manual workers, who form the bulk of those covered by collective bargaining, real pay rose only 11 per cent. In other words Britain's pay problem is not, mainly, a collective bargaining problem.

One aim of Labour's National Economic Assessment is to exert pressure for a better trade-off

between pay and employment. An intended reform of public sector pay to iron out lags and spurts would also be helpful, if it were achievable, although it is worth noting that Labour does not face an immediate public sector pay catch-up problem. Average pay in the public sector is now higher than in the private sector.

Review body

For the longer term Labour has hinted that it might extend the principle of the pay review body, which now covers nearly half of all public sector workers. If it does it must ensure that it is done in a way which offers as much flexibility as possible for public sector managers, while discouraging leapfrogging of the kind which caused such problems in the 1970s.

The big worry is that Labour's neo-corporatism over pay would mean a new status for the unions. State funding for political parties, to which Labour is committed, could eventually loosen its political ties with the unions, but that will take time. In office, the party would need to demonstrate that the unions' success in getting potentially damaging policies - such as the minimum wage, a union recognition law, and repeal of some of the 1980s union legislation - close to the top of Labour's agenda in opposition does not mean legislation will be introduced as they demand.

Encouragingly, Labour has recognised that the legitimate aim of a left of centre party to improve the rights of people at work can no longer be pursued through empowering unions. Hence the commitment to a raft of "positive" rights for individuals at work, which will bring Britain closer to the continental model of industrial relations. The sort of rights embodied in the European Community's Social Charter, such as a commitment to works councils for consulting workers, equal rights for part-time workers, and improved sex equality measures, do not have to imply a rebirth of raw union power.

Business is right to be worried at the damage a Labour government could do to British labour costs and flexibility. Labour would be wise to recognise these anxieties and to be prepared to adapt policy in the light of them.

A green target for Mr Bush

The temperature of EC-US relations has been rising recently over - appropriately - the issue of global warming. The EC environment commissioner, Mr Carlo Ripa di Meana, has criticised President George Bush for his refusal to commit the US to targets for reducing emissions of harmful gases which contribute to the greenhouse effect. Mr Bush, for his part, says he does not intend to support unrealistic environmental plans which could cost American jobs.

It is easy to see why this bout of tension has arisen. Both men are highly exposed politically just now. Mr Ripa di Meana has staked out an ambitious green position in advance of the Earth Summit in Rio in June for which he needs to cultivate more political support, not least among the EC's own members. Ideally, he would like to be able to go to Rio brandishing an EC plan to attack carbon dioxide emissions with powerful weapons like a tax on energy and carbon. But a number of EC states have reservations about these ideas, and would certainly not agree to them unless they were sure their main non-EC trade competitors would follow suit.

Mr Bush is at the height of an election campaign which has shown that the state of the US economy is a more prominent issue in voters' minds than greenery. As in many industrialised countries, recession has toppled the environment from its high place on the political agenda - so much so that Mr Bush is not even prepared to commit himself to attending the Rio summit, let alone subscribe to its outcome.

Better track

But if both men are guilty of taking a short-term view, Mr Ripa di Meana is on a better track. He has secured agreement, however tenuous, from the majority of EC states to reduce their carbon dioxide emissions to 1990 levels by the year 2000 - all that is, except the UK which has set a target date of 2005. The means by which he intends to achieve this may still be open to doubt. Indeed without a carbon tax he would fall far short of his target. But at least the plan carries a commitment against which progress can be measured. The US - which emits propor-

tionately far more carbon dioxide than the EC - has only produced an open-ended commitment to reduce emissions levels. The administration argues that it is more important to establish the means before committing itself to targets. But the means created so far do not amount to very much, and are certainly not backed by the credible commitment from the White House. Indeed, so long as Mr Bush remains aloof from the Rio process, it will be impossible for the rest of the world to believe that the US has any serious interest in tackling environmental questions.

Modest proposal

His political opponents have tried to stir the issue - so far without much success. Mr Bill Clinton, the leading Democratic contender, has a modest proposal to raise gasoline taxes, and there are moves in the House of Representatives to force the Administration to set carbon dioxide emission targets.

But there needs to be closer US-EC understanding for other reasons. The Rio summit is likely to be a grand bargaining session between the rich countries of the north and the poor ones of the south over who is to be responsible for safeguarding the environment. The rich countries have the money to do it, but they should also be setting an example. A failure among the major industrial nations to agree on the seriousness of the threat posed by carbon dioxide and global warming would rule out any likelihood of progress on these issues in Rio.

There will be further talks in the coming weeks at which Rio participants, including the EC and the US, will try to conclude an international agreement on climate change for presentation at Rio. It has to be said, however, that the chances of narrowing the transatlantic gap do not look very strong. Unless Mr Bush's political opponents step up the attack on his environmental record and force him to respond, he has no reason to change his position. This, in turn, will give no encouragement to the more faint-hearted in the EC. Rio will achieve very little if Mr Bush does not attend with some firm targets in his pocket.

A priest in Evansville, Indiana, a hardware store owner in Boonville, California, and an "irate and discouraged stockholder" from Dallas are set to write a small but significant chapter in US corporate history.

Over the next two months these small, individual investors, along with seven others, will become the first shareholders in the US allowed to raise directly the controversial issue of executive pay at companies' annual meetings.

They will do so thanks to a recent policy switch by the Securities and Exchange Commission, the government agency which oversees the securities industry, which will have important repercussions.

The change will give investors more power to stand up to boards to ensure executive pay is more closely aligned with corporate performance than is often the case.

Second, it could restrain the overall levels of US executive pay, which are far higher than those in Europe and Japan. And it could stimulate debate on these issues in Europe - especially the UK.

Third, it will give shareholders more information on just what their board members are being paid, and why. Finally, it will intensify a mounting US controversy over companies' increasing reliance on share options to reward executives.

Two factors, coalescing into a single political imperative, lie behind the SEC's policy change. One is the ever-increasing stake in corporate America held by large, institutional investors and the related rise over the past decade of an influential "corporate governance movement". This seeks to make boards more responsive to shareholders' wishes.

The other is sheer public outrage at the eye-popping sums of money paid to top executives of some leading companies over the past year or two. In 1990, for example, Mr Steve Ross, chairman of Time Warner, netted \$78m (45m) and Mr Stephen Wolf, his counterpart at United Airlines, received \$18m.

Headline sums like these can be misleading for, as in the two cases above, they often include the exercise of share options awarded for a manager's work over many years. But the fact remains that executives are rewarded handsomely. This month, Coca-Cola announced plans to give its chairman, Mr Roberto Goizueta, shares currently worth around \$80m provided he stays with the company until 1996.

According to Mr Graef Crystal, an academic and a leading authority on executive pay, chief executives at top American companies earned 109 times the pay of the average US worker in the late 1980s. This compares with just 17 times in Japan and about 35 times in the UK. At a time when recession is prompting tens of thousands of lay-offs, fat cats cause resentment.

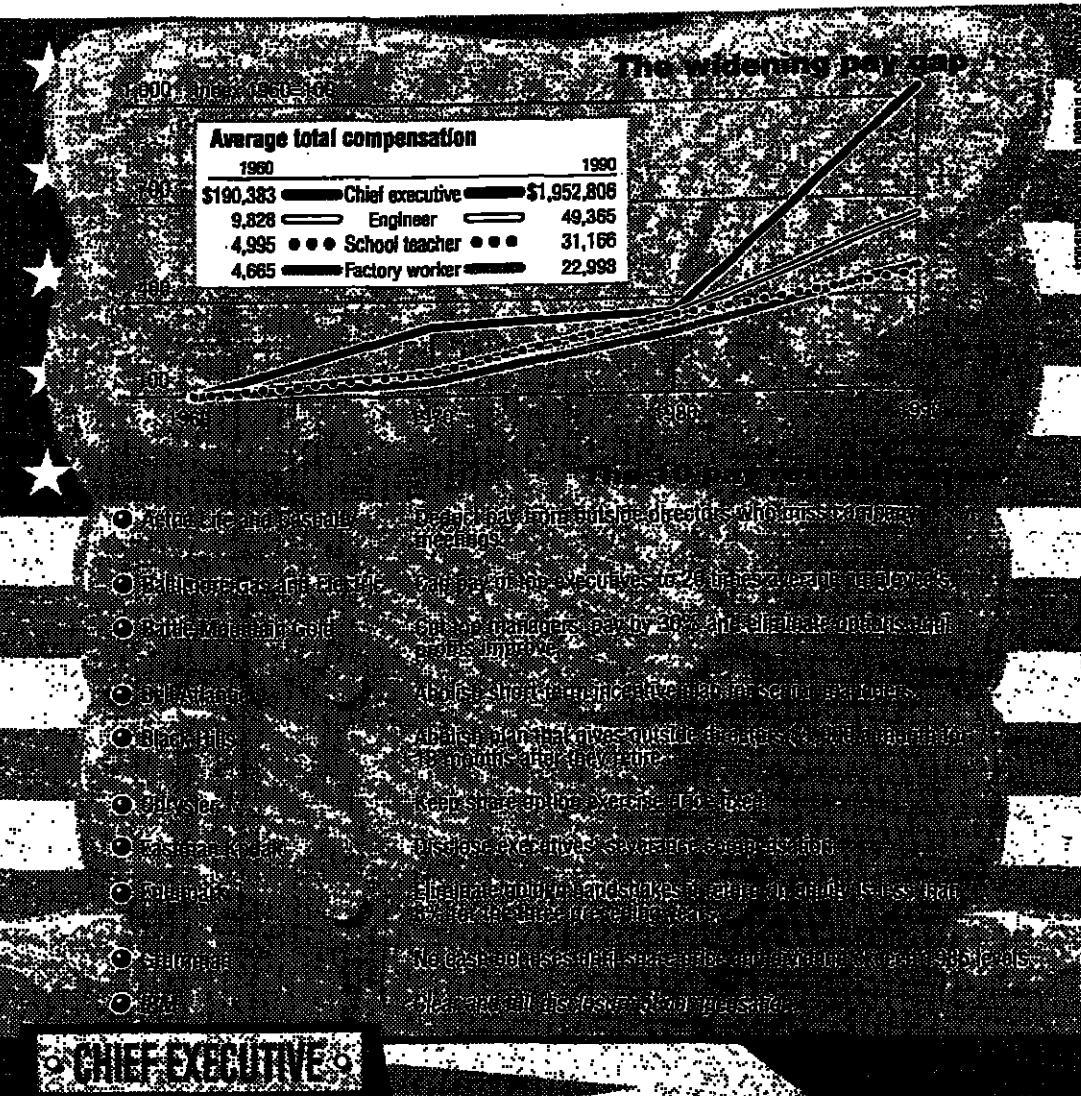
The Democratic hopefuls in the US presidential race have been quick to spot votes in attacks on "boardroom greed", while Congress has also worked up a head of steam.

Senator Carl Levin, a Democrat from Michigan, introduced a bill last summer to increase shareholder power over executive pay which attracted strong backing. The prospect of this becoming law has helped push the SEC, which was already considering policy changes, into adopting its own package. This bears a close resemblance to the Levin legislation, most of which looks like being shelved.

Until now, US shareholders have been prevented from directly questioning pay at company annual meetings. This is because the SEC,

A check on the boss's cheque

US shareholders have won new powers to limit executive pay, says Martin Dickson



which decides what proposals can be included on ballot papers for a vote at shareholder meetings, always deemed this to be "ordinary business" - in other words, day-to-day matters best left to the discretion of directors.

But Mr Richard Breeden, the SEC's politically ambitious chairman, says that from now on pay proposals covering top management can be included in the "proxy" ballot material sent to investors, although these must be advisory, rather than binding on a board.

The SEC, Mr Breeden explains, is obliged to allow significant "policy" issues facing a company to appear on the ballot, and he thinks the executive pay controversy has now assumed such proportions.

The most immediate impact of his switch is on 10 companies where individual shareholders had already filed pay proposals in the hope of getting them on the proxy papers for the current annual meetings, the season which extends until May.

The SEC has now told the 10 they must include the proposals in their proxy material. The companies include the Baltimore Gas and Electric company, which is being asked

to cap executives' pay at 20 times that of the average employee, IBM, where a shareholder is demanding better disclosure of officers' pay and justification for these sums; and telecommunications group Bell Atlantic, where the Indiana priest wants to get a short-term incentive plan abolished.

With the floodgates now opened, many more companies will find themselves facing similar demands in future years.

A large proportion of these proposals is likely to come from small investors, but heavyweight corporate governance groups and institutional investors may also put in pay resolutions, or use the threat of them in behind-the-scenes negotiations. The United Shareholders Association, a Washington-based shareholder rights group, has done so already. It announced last autumn that it would introduce pay resolutions at 10 big corporations - including ITT and Woolworth, the stores group - in the current proxy season. However, it dropped its threat after what it termed "successful dia-

logue" with each company.

The California Public Employees Retirement System (Calpers), the largest public pension fund in the country, has also been a pioneer on executive pay. During the 1991 proxy season it submitted, but then withdrew, proposals calling for independent board committees to handle compensation at both ITT and conglomerate WR Grace. It also took the unusual step of voting against re-election of the directors of ITT in protest at chairman Mr Rand Araskog's \$11m pay package. The changes at ITT since last year's annual meeting show how effective institutional protest can be: the company is introducing a pay scheme for 500 senior managers which ties their rewards more closely to the company's share price performance and return on equity.

However, recent surveys of institutional investors by both the Investor Responsibility Research Center, an independent information agency, and Georgeson & Company, which advises on proxy issues, found that most do not want to take part in routine compensation decisions. "Shareholder democracy is a bad idea for compensation," Georgeson

quoted one money manager as saying. "No pay raises and terrible compensation attract mediocre people."

What the institutions do want, however, is greater and clearer information on what a company's directors are paid. The elements that make up an executive's compensation are scattered through proxy statements and Mr Breeden acknowledges that it sometimes "requires a PhD in finance" to figure out how much executives get.

The SEC wants to change this, too. Mr Breeden, while stressing that market forces rather than government regulation should determine pay levels, says shareholders need to be given pay information which is easier to understand. The agency is proposing that companies be required to set out clearly in a table the cash payments given to top executives, as well as the estimated value of stock or stock options granted during the year.

Boards would also have to compare changes in the pay of chief executives over recent years with the company's performance, describe the criteria they use in incentive pay and explain the reasons for specific awards.

This would help to remove the muddle, although there would still be controversy over stock options - an element of pay that has become increasingly important in recent years, thanks to a 1980s fashion for granting options to managers and to booming stock markets, which greatly increased their value.

Stock option plans give an executive the right to buy shares in the company at a certain price at some future date. The idea is to encourage him or her to work hard and boost the company's share price. However, there is mounting concern, both within the accountancy profession and among shareholder activists, that companies do not usually have to treat grants of options as a compensation expense, even though these will reduce the amount of earnings available for distribution to other shareholders.

Mr Crystal estimates that 274 US companies made 1990 stock option grants worth \$3.8bn and claims that by ignoring them companies are overstating their earnings by 3 to 3 per cent a year.

Mr Breeden has asked the SEC's chief accountant and the national Financial Accounting Standards Board to look into the issue. No early resolution seems likely, since the FASB has been grappling with the issue for years.

In any case, investors already have it in their power to block grants of options, since these have always been subject to a shareholder vote. But it is only now that most investors are waking up to the huge profits being generated by options, and questioning whether too many managers are getting too much for mediocre performance.

Irrespective of options accounting, the SEC's other changes mean that shareholders should now have enough power to challenge excessive pay, and this may encourage boards to take a fresh look at compensation policies. The changes will also give a fillip to the corporate governance movement, which has long campaigned for reforms. That said, the movement's leaders are realising that proxy proposals are a fairly crude weapon.

Far better, they say, to ensure that corporate boardrooms are filled with independent-minded directors who will put the interests of shareholders before those of managers. That battle is only just beginning.

Joe Rogaly

Babes in the woods



There is good news for the Conservatives this morning. They have not begun to show signs of cracking under the strain. Better yet, they are managing to keep their spirits up. They have taken the disappointments of the first weeks of the campaign on the chin, straightened themselves out and resolved to keep fighting. Some deride the image of the prime minister taking his portable soapbox out to the crowd, but he is to be admired for trying to get into the thick of it.

Tory supporters may take courage from this. The government has a case to make. I will elaborate on what it might be in a moment, but first consider the essential selling point, the one they privately intimated yesterday would be tried this week. It is admittedly a last-ditch argument, but it may nevertheless have some effect. It is quite simple: who do you trust to get us out of the recession - the Conservatives or Labour? Such a line could be persuasive, if it was exploited by people who knew how to sell a political party.

You could, however, put this same question in another way. The government has good reason to know what kind of a mess the economy is in. It could admit its errors, then assert that because it understands what went wrong it should be the one to save us. I can see the posters now. A huge ship is sinking, its prow just above the waves. Below it would run the puncheon, in wavy black letters: "Would you change crews just when you were heading for the iceberg?" It might capture the floating vote.

Perhaps we had better think it through again. One case for supporting the Conservatives is that should there eventually be a

resumption of economic growth they are likely to return some of the national dividend to payers of income tax. Mr John Major promised as much in a confident press conference performance yesterday morning. It was marred by the irrepressible honesty of Mr Norman Lamont, who let slip that there would be little room for reductions in taxation or increases in expenditure. Still, I can offer them a poster. A huge hand reaches into a purse, taking out 20 per cent, 25 per cent, or 40 per cent of its contents. "After the election after next, we may take less," reads the slogan. "But we can't promise..."

Not let us try another tack. A subsidiary case for voting Conser-

The correct Conservative poster on health is a blank hoarding

vative is that the government's policies on education and health are better than Labour's. This is especially true of health. The government's reforms of the NHS are not flawless, but they do constitute a serious attempt to get some structure into its administration. The Labour party appears to reject all that, thus casting doubt on its protestations that it has been converted to an abiding faith in fiscal discipline.

Unfortunately for the Tories, most people do not concern themselves about this. They still prefer Labour as potential mentor of the NHS. Just mention those three little letters and the polls turn away from the Tories. The correct Conservative poster on health, therefore, is a blank hoarding. Just stick eight white sheets up and leave them there. It might puzzle some passers-by, but it would be more benefi-

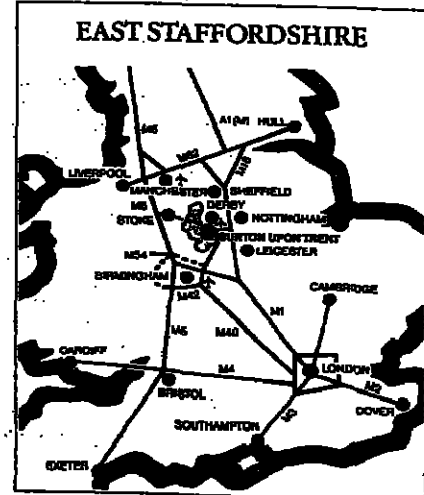
cial to Mr Major's campaign than anything that mentioned the health service, in any context.

All right then, let us make a final attempt. Labour could be portrayed as hugely profligate, which in aspiration it certainly is. The trouble with this is that you have to make hyperbole credible. The existing Tory campaign literature - "Labour's tax bombshell" - tells us that Labour's manifesto promises would cost the average taxpayer £1,250 a year, or £25 a week. This lacks verisimilitude. It sounds like what it is: an argument from extremes. I would have preferred a drip-drip-drip of the opposition's undertakings and hostages to fortune is disquieting, in spite of the care taken to present every commitment as carefully costed.

You will see why I have not been offered the job of designing Conservative advertising. There is, however, one thing that any creative consultant could tell them before sitting down to lunch. It is: get a line and stick to it. Do not confuse people with a variety of messages. If it is not to be a blanket use of "you can't trust Labour", on the ground that people react badly to negative slogans, then it surely has to be something along the lines of "The recovery is coming - the Conservative recovery."

Mr Major finds this a hard sell because both he and his chancellor made the same prediction in vain last year. Their optimism was premature. People will need to feel the upturn before they believe it. It is no good putting up a poster whose line is "the way ahead," if it depicts the chancellor cutting a path through the undergrowth - even if he is in boy scout uniform and has tied a piece of string to the tree stump behind him. But the prime minister is not dispirited. He keeps his eye on the next step. There must be a way out somewhere.

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Robert Peston on the appointment of a new chief executive at NatWest, the UK high street bank

Premature push into the hot seat

The porter working in the chairman's suite of National Westminster Bank was plegmatic in response to the news that Mr Tom Frost was standing down as NatWest's chief executive.

"I've seen it all before," he said as he operated the controls of the comfortably antique lift reserved for the use of the chairman, Lord Alexander.

However the porter, who took up his job in 1973, long before any of the current board, cannot claim to have witnessed any banking banana skin to compare with NatWest's involvement in the 1987-88 Blue Arrow rights issue.

Mr Frost has become the 11th senior executive of NatWest whose career has taken a sharp turn for the worse as a result of the bank's involvement in the rights issue. He is giving up the post of chief executive more than a year earlier than planned and will be replaced by Mr Derek Wanless, the bank's current deputy chief executive. The reason for the change is that the Department of Trade and Industry reopened its investigation into the Blue Arrow affair just over two weeks ago.

However, Mr Frost is not leaving the group. He has been appointed a deputy chairman, to give him more time "to deal with the DTI investigation", in the words of Lord Alexander. "We were hopeful that after four years that would be the end of Blue Arrow", Lord Alexander said yesterday. However, it was not to be.

During the recent Blue Arrow trial - in which two subsidiaries of NatWest together with seven individuals and UBS Phillips and Drew, the securities house, were accused of conspiring to mislead the market over the outcome of the Blue Arrow issue - a number of allegations were made against Mr Frost, who till then had escaped all criticism relating to the affair.

The central allegation was that Mr Frost had withheld important information about his involvement in the Blue Arrow issue from DTI investigators during their first investigation in 1988.

There were three other specific allegations against him:

- He was accused of being involved in redrafting a memo on the Blue Arrow issue to NatWest's board in order to tone down any implications of malpractice by NatWest in the issue.

- He was said to have dragged his feet when asked by the previous chairman, Lord Boardman, to take advice from



Derek Wanless, left, regarded as representing change at the bank after the reign of Tom Frost, right

a new firm of solicitors on the legality of NatWest's role in the issue.

- It was also alleged that he was complicit in withholding relevant information on the rights issue to an internal NatWest inspector who was examining the bank's behaviour in early 1988.

The nub of these accusations is that Mr Frost was involved in a cover-up. He says however that the court had access to only limited information. He declares himself innocent and says he is confident of vindicating himself. However his solicitors have advised him that he should not give details of his rebuttals before talking to the inspectors.

Lord Alexander and Mr Frost insisted that there had been no external pressure on them for Mr Frost to go, even though the Blue Arrow allegations have been widely publicised and analysts have also criticised Mr Frost's performance.

Lord Alexander added that he had informed the Governor of the Bank of England of the impending change, but that the Bank had also played no role in the changes.

Mr Frost's main legal adviser is Mr Nick Wilson, a former partner of Slaughter and May, the solicitors. Mr Wilson has discussed with the DTI inspectors their likely requirements in this new investigation.

As a result, Mr Wilson is convinced that Mr Frost will have to spend a considerable amount of time working with the inspectors. Mr Frost said he therefore came to the conclusion that he could not cope with both the inquiry and working as chief executive.



So Mr Wanless, at the age of 44, is getting his opportunity earlier than anyone expected, though Lord Alexander confirmed yesterday that he has been the front-runner to succeed Mr Frost for some time.

"Before it all blew up, Derek was the preferred candidate," Lord Alexander said.

Mr Frost is bequeathing a bank where morale has been battered not only by Blue Arrow but also by an inexorable erosion of profits over the past three years.

Only four years ago, in 1988, NatWest made bigger profits - £1.4bn before tax - than any

UK bank had ever done before or has since. At the time, it was the country's biggest bank on most measures.

In 1991, however, its pre-tax profits collapsed to £110m, the lowest since 1975. In the second half of the 1991, the other three clearing banks - Lloyds, Barclays and Midland - all made bigger profits than NatWest.

Though Mr Wanless has worked all his life at NatWest - and was a NatWest scholar at Cambridge - he is regarded as representing change within the organisation.

For a start, he is the youngest ever NatWest chief executive. He is also a graduate and took a first in mathematics. Till recently, most UK bank executives joined straight from school at the age of 16.

He takes over at a time when NatWest is facing difficulties in three main areas:

- Its US operations have made big losses for the past two years, because of their exposure to the property market in the north-eastern states.

- It has failed to make a respectable return on its investment, made mainly in the mid-80s, in securities trading and merchant banking.

- It has suffered from a colossal level of losses on loans. Its charge for bad and doubtful debts in 1991 was £1.98bn, the second highest such charge ever made by a UK bank.

However, Mr Wanless's main experience to date has not been in these areas. Prior to his appointment in February to run a new division, NatWest Markets - which combined commercial lending and securities businesses - his most senior jobs were as a director of personal banking services and as the general manager for the UK branch business.

His management of services provided to individuals is generally praised by analysts. Profits from these activities have been strong, though would probably be bigger still if the bank had followed Lloyds bank's example by acquiring a life insurance company several years ago - rather than waiting till last year when they set up a joint venture with Clerical Medical.

As the UK branch general manager he was also responsible for lending to small and medium size businesses, which last year were responsible for hundreds of millions of pounds in bad debt charges. However, when he became general manager, in January 1989, NatWest was already the leading lender to this sector, which has been hit hard by the recession.

He describes his management style as "analytical" and said yesterday that he puts his faith in training and new technology to increase the board's control over the business.

Mr Wanless was coy about saying anything which could be seen to be a criticism of his predecessor. If he is planning changes - and some say the bank needs an overhaul - he may be constrained by the continuing presence within the bank of his predecessor.

As a deputy chairman, Mr Frost will continue to have considerable influence, though he said yesterday that he would be careful to stand back to ensure that Mr Wanless did not feel cramped.

Other NatWest executives said they were optimistic about the management reorganisation, though two rivals for the top job, Mr John Tagwell and Mr John Malburn, may be disappointed. One executive said: "There is a story in the bank that at Cambridge Mr Wanless would play chess while blindfolded against 20 opponents and still win." Mr Wanless may find managing NatWest a bigger challenge.

Mr Frost is bequeathing a bank where morale has been battered by Blue Arrow and an erosion of profits

OBSERVER

Hitting the target

■ Ever since NatWest chairman Lord Alexander asked for the re-opening of the DTI inquiry into the bank's role in the Blue Arrow affair, the writing has been on the wall for poor old Tom Frost. How could he continue to fulfil the role of group chief executive and devote sufficient time to keeping the inspectors happy?

Nevertheless, the scale of NatWest's break with the past is breathtaking. It has leapfrogged two generations and appointed a young man as chief executive who was not even on the board a year ago. Derek Wanless is younger than John Reed was when he took over the reins at Citicorp in 1984, and that experiment in rejuvenating the top management of a big bank can hardly be regarded a total success.

If NatWest is so desperate to find an executive untainted by the Blue Arrow affair then Wanless is the right man. His other plus point is that he has made his name on the UK retail banking, the very area that should be NatWest's greatest strength. He has not been long enough in the higher echelons of the bank to be seduced into some of NatWest's more wayward dreams.

The downside is that he is undoubtedly clever and this is not always good in a straightforward business like banking. Equally important, it is not clear that he has the leadership qualities to rebuild morale of this once great bank.

Malcolm Edwards, recently deposed commercial director of British Coal, today beats his former employer into the

private sector by launching himself as Edwards Energy. As a consultant to suppliers and purchasers of fuel, he will offer advice on strategy and contract negotiations, making use of "the latest expert knowledge of production and use of energy".

Could that mean competing with the industry which employed him for the past 35 years? "I wouldn't undermine British Coal's position in the market place," he says diplomatically.

For a man forced out of his £90,000-a-year job 12 months before his contract expired, Edwards sounds surprisingly cheerful. "I feel about 20 years younger having got that lot off my back."

Exit scapegoat

■ There is something rather unsettling about the speed with which Dudley Eustace, British Aerospace's luckless finance director, has found a new job while his old employer is still searching for his replacement.

If he was not a great hit at British Aerospace, how come Philips Electronics has made him point man for its relations with the international financial community?

Admittedly, Philips has more than its fair share of problems, like BAE. But Philips' workforce of 270,000 is more than twice as big as BAE's, and in terms of turnover Philips is Europe's 13th biggest company, whereas BAE is number 34. As an old Alcan hand, Eustace has worked in North and South America as well as Spain, and has plenty of the right kind of international experience. Even so it is highly unusual for a conservative multinational to pick its top finance man from outside its own country and reward him with a seat on the management board.



"I eat, sleep and breathe tax"

Eustace must carry some of the blame for the City's loss of confidence in BAE. However, until the pedigree of his replacement is revealed, it is beginning to look as if BAE has sacrificed the wrong man.

Eminence Beeb

■ So familiar is the seemingly unchanging screen presence - lined face, silver hair, clear voice - that it is a shock to discover that Charles Wheeler, the veteran BBC TV reporter, reached 69 last week. He is nearly twice as old as most of the competition, and twice as good.

He began work as a tape boy at the old Daily Sketch in 1940 before joining the Royal Marines. After a spell in naval intelligence - during which he developed a suspicion of George Blake, later unmasked as a Soviet spy - he joined the BBC in 1947.

These days he is employed as a freelance for "Newsnight", so he doesn't have to retire. In the back-stabbing world of broadcasting, he is one of those

rare people for whom respect is universal. Speak to the top people in BBC current affairs, or politicians like Mrs Thatcher, and the impression is that Wheeler would be their first choice on practically any major story anywhere in the world.

Viewers still remember his years in Washington, where he and Gerald Priestland shared the job, not entirely amicably, but he has also been the BBC's chief correspondent in Berlin, Europe as a whole, and Southern Asia.

There has been no shortage of offers to come in off the road. But like James Cameron or Alistair Cooke, he has always seen himself as just a reporter.

Swedish roulette

■ Sweden has never been one of the world's great gambling dens. The maximum bet allowable on the roulette wheel is a measly two kronor (about twenty pence). Indeed, it sometimes seems that the only way Swedes can fritter away really large sums of money is through the financial system where the savings banks have spent several billion kronor on bad loans.

However, change is in the air. A taskforce has been sampling the nightlife of northern Europe and has recommended that Sweden should be allowed to have three or four big international casinos. Last year, Swedes frittered away over SKR 20bn on lotteries, football pools and betting on the horses, so clearly there is a market.

Word perfect

■ The human brain is a wonderful organism. It works from the day we are born until the moment we stand up to speak in public.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Entertaining energy manifestos

From Mr Michael Stoppard.

Sir, The claims and promises on energy policy made by the main parties in their manifestos are - to put it charitably - entertaining.

The Conservatives credit record expansion in the North Sea to "low taxation". But the present marginal rate of taxation on crude oil production in the North Sea stands at 85 per cent. Furthermore, they sing the virtues of deregulation but expect to give ever-increasing powers to "independent regulators" such as Ofgas.

The Labour party recognises the need to cut CO₂ emissions to counter the greenhouse effect, but promises to secure the future of the coal industry in preference to gas. Coal is of course the principal source of CO₂ emissions, whereas gas is widely accepted as clean, efficient, plentiful and increasingly economic.

Liberal Democrats face a dilemma with a commitment to discourage private car use, since much of their support comes from rural communities dependent on cars. Petrol price increases will be introduced to discourage cars but "compensation schemes" will soften the blow. They also propose "measures to help isolated communities". Could this amount to a national petrol tax with Liberal constituencies excluded?

All parties are at least agreed on one point: the newly-elected prime minister will enjoy a holiday in Rio this June attending the Earth Summit at the taxpayers' expense.

Michael Stoppard, Oxford Institute for Energy Studies, 57 Woodstock Road, Oxford OX2 6FA

Transport priorities

From Mr David Weeks.

Sir, Londoners will have been saddened to read of the difficulties of Olympia & York, the company which has brought to Docklands the magnificent Canary Wharf project,

Better ways to judge schools' effectiveness

From professors Harvey Goldstein & Desmond Nuttall.

Sir, A central feature of the present government's education policy is its commitment to publishing average test and examination results school by school, leading to the production of "league tables". The education secretary, Kenneth Clarke, argues that such information is of value to parents and others for assessing the effectiveness of any particular school. He also maintains that adjustments to results in order to take account of "intake" achievement obscures the reality of the figures.

We find it difficult to understand how Mr Clarke can persistently ignore the evidence from research around the world, including some funded by the Department of Education and Science itself, which demonstrates the inequity and the misleading nature of such league tables.

Because schools differ in terms of the intake achievements of their children, it is quite possible for an extremely effective school to have relatively low test results simply because it has a low achieving intake. Conversely, another

school might achieve good results but in reality be quite ineffective in promoting the learning of its children who happen to have a high intake achievement. In this way true excellence may be missed and complacency rewarded.

It seems to us that the present policy is in nobody's real interest, least of all that of parents. Furthermore, as the DES has recently acknowledged, there are better ways of attempting to judge the effectiveness of schools, using so-called "value added" approaches. These approaches are by no means definitive and need to be handled with care, especially in terms of any public comparisons, but they are certainly a great improvement on the crude league tables currently proposed.

Whoever forms the next government should re-examine carefully this whole issue. Harvey Goldstein, professor of statistical methods, Desmond Nuttall, professor of curriculum and assessment, Institute of Education, University of London, 20 Bedford Way, London WC1H 9AL

Tax high, so is spending

From Mr D R Myddelton.

Sir, In 1979 the Conservative manifesto said: "The state takes too much of the nation's income; its share must be steadily reduced." Taxes in total took 45 per cent of national income in 1979; they exceeded 50 per cent between 1981 and 1986; and the latest estimate for 1991-92 is 47 per cent. Quoted "official figures" of around 36 per cent are far too low; they relate to gross domestic product, not to national income.

The fact is that all three main political parties in Britain are high-tax parties. Since they are all now high-borrowing parties too, this suggests that government spending is far too high. D R Myddelton, Cranfield School of Management, Cranfield, Bedford MK43 0AL

Integration on the buses

From T P F Miller.

Sir, Richard Tomkins's article about bus deregulation in Merthyr Tydfil ("Bus competition fails the road test", March 27) is full of omens for deregulation in London. London buses are already suffering from the fragmentation of a once good integrated system.

London needs to integrate buses, tubes, trains and taxis; revert to two-man crews on double-deckers, using updated Routemasters (slightly smaller and more reliable than other buses, and with open access platforms, these would increase average speeds and reduce the congestion caused by the buses themselves); confine one-man operation to small nimble local buses; and review the route structure to bring it in line with modern movement needs.

To do this, London needs a single authority with control over the entire infrastructure and with powers to raise the necessary finances.

T P F Miller, 9 Bartholomew Villas, London NW5 2LJ

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United Nations begins repatriation of Cambodians from Thailand Refugees return to uncertain future

By Victor Mallet in Sisophon, Cambodia

ONE of the largest repatriation programmes undertaken by the United Nations began yesterday when 527 Cambodian refugees were taken by bus across the border from Thailand to an uncertain future in their homeland.

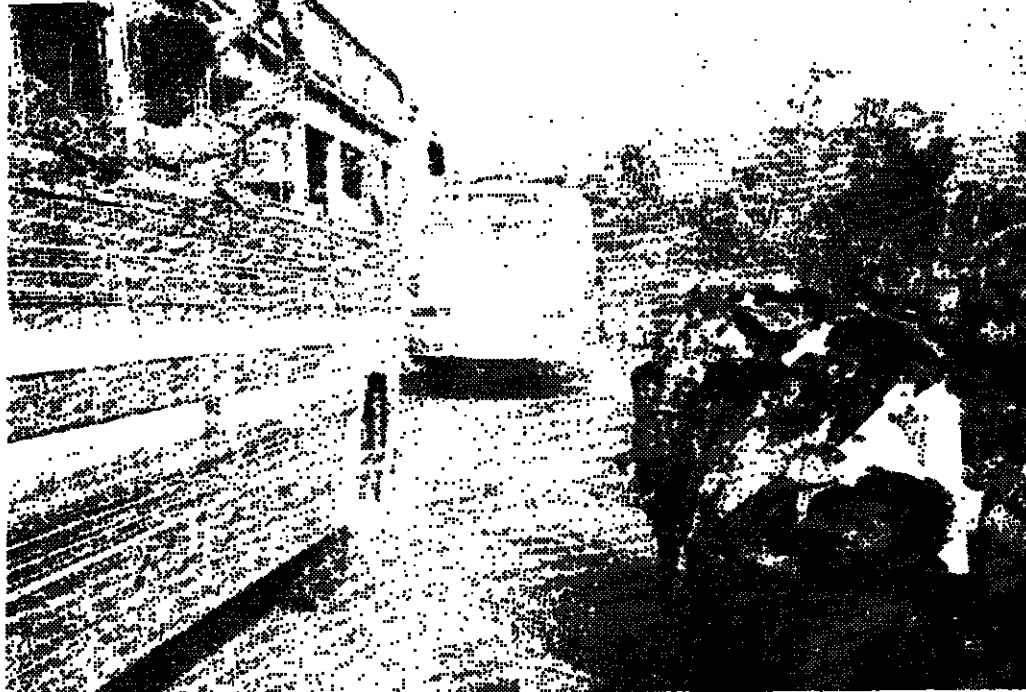
The refugees, from among the 375,000 Cambodians living in seven sites in Thailand, were welcomed by Prince Norodom Sihamoni, the Cambodian monarch, and Mr Yasushi Akashi, head of the UN Transitional Authority in Cambodia (Untac). The two men have joint responsibility for returning the country to normal after two decades of war following a peace accord signed in Paris last October.

Under the protection of a company of Malaysian UN soldiers guarding the road, yesterday's returnees were welcomed by flag-waving schoolchildren driven to a temporary reception site in Sisophon.

From there they will be taken to farmland allocated to them in the area of their choice and cleared of landmines by the UN. They will be given building materials, agricultural tools and food for up to a year.

They are returning voluntarily, but some are apprehensive about the continued struggle on the countryside of guerrillas from the Khmer Rouge, the extreme left faction which ran Cambodia between 1975 and 1978 and caused the deaths of up to 1m people.

"I'm happy to be going back to



Homeward bound: The first group of Cambodians leave a Thai refugee camp yesterday

Cambodia because I've been separated from my parents for a long time," said Mr So Koemsa, aged 29. "I'm also worried about many things, and my main worry is the Khmer Rouge."

Prince Sihamoni acknowledged that there was an upsurge of fighting around Kompong Thom between the Khmer Rouge and the existing Cambodian government installed by the Vietnamese when they invaded the country and overthrew the Khmer Rouge

in 1979. He also expressed grave doubts about the Supreme National Council.

The returning refugees, many of them children who have spent all their lives in Thailand and enjoyed education and medical care from the UN, are likely to find life hard in Cambodia.

Apart from the unstable political situation, they face a lack of government services, the risk of malaria, and competition from displaced Cambodians who never

crossed the frontier. UN officials have struggled to secure funds for the \$2bn operation in Cambodia.

"We have all waited a very long time for this moment," said Mr Akashi at a welcoming ceremony in Sisophon yesterday. Mrs Sadako Ogata, UN High Commissioner for Refugees, said: "We were there for you in Thailand and I promise you we will be there to help you resettle in your homeland."

End of the road for a dinosaur

William Dawkins on the closure of Renault's car plant at Billancourt

A N ERA of French industrial history ends today with the closure of the car plant at Billancourt, where Renault, the state-owned carmaker, began life 94 years ago.

A white Renault 5, the last vehicle made there, came off the production line on Friday and was yesterday completing technical tests in a gloomy water-lapped shed.

"It was poignant and pathetic. We felt as if we were taking part in a funeral," said Mr Daniel Labbé, a union delegate and one of the last of the 100 or so workers there.

The Billancourt plant was a dinosaur in the modern car industry, says Renault. It swallowed components via a narrow bridge, and disgorged them as vehicles into barges moored against its walls.

Renault decided to close the plant with the loss of just over 4,000 jobs two years ago. Output has been shifted to more efficient sites in north-east France where the company operates rigorous Japanese-style stock control.

Billancourt's demise symbol-

ises the eagerness of today's French public sector to break with tradition. Indeed, the island's stormy life resembles an alternative history of France this century.

In 1898, Louis Renault, founder of the group, assembled a prototype in a shed on the bank, preserved today as a museum. Seven years later, the company began its first volume production of a model later known as the *taxi de la Marne* because of its role in the First World War when the government commandeered the entire Paris taxi fleet to carry infantry to fight the approaching Germans.

After the war, Renault became the first French company to accept collective bargaining with workers, a development of great interest to the future Chinese Communist leader, Deng Xiaoping, who worked at Billancourt in 1935.

But the plant's fate was anything but heroic. Nazi forces used it as a tank repair plant during the Second World War. Louis Renault was arrested for collaboration in 1944 and died in prison a year later. His company was

confiscated and transformed into a rig, the equivalent of a public utility.

Immediately after the war, the plant produced its first truly mass market model, the bony little 4CV, at first available only in the sand-yellow paint captured from Germany's Afrika Corps.

Billancourt resumed its role as a laboratory of social policy after the war. Then, the company was run along corporatist lines through tacit agreement between the Communist-led CGT trade union, the Communist party and the state. The Kremlin-like hulk was dubbed the "workers' fortress" by the CGT which held the balance of power there for much of the plant's life.

Intense upheaval and strikes followed in the 1960s and 1970s, when Billancourt was a centre of leftwing politics - once the site of a meeting between the philosopher Jean-Paul Sartre and demonstrating workers.

Billancourt's pattern of intense union involvement marked Renault out from other western car companies, at least until the 1980s.

Its days began to draw to a

close from the moment Renault was transformed, two years ago, from a *régie* into an autonomous state-owned company, in theory with less political interference and more freedom to close inefficient plants.

The European Commission's attacks on state aid and the company's alliance with Volvo, the private sector Swedish carmaker, hastened its shift away from the Billancourt days and into commercial reality.

The question now is what happens to the site. Less than 30 minutes away from the city centre and about 1km long by several hundred metres wide, it is believed to be worth up to FF100m (\$1.78bn).

Renault wants to move its company headquarters there, from the ugly aluminium-clad tower block on a nearby river bank.

The rest of the land would be sold to the highest bidder, to pay for a Renault technical centre to be built near Paris.

However, the French Finance Ministry says the land belongs to the state. Billancourt could soon be the site of yet another great battle.

THE LEX COLUMN

Lucas in the spotlight

Since Lucas has launched three rights issues in the last six years, it is just as well that the Seventh Cavalry has now turned up with a \$30m pension fund surplus. The company has been spared an agonising debate over whether the dividend should be chopped, or whether precious capital spending projects should be sacrificed instead. Capital expenditure, it seems, is likely to be broadly unchanged for the year as a whole, while an 8 per cent yield on the shares reflects the market's confidence that there will be no diminution in the payout this time.

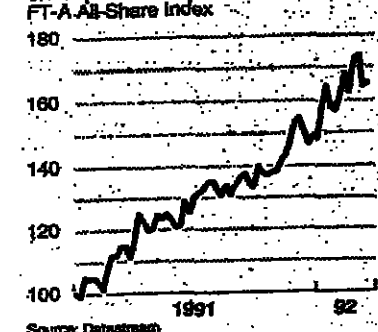
One wonders, though, what the year to mid-1993 holds in store. The pension loophole is unlikely to come to the rescue again, especially if there is a Labour government. It is always possible that the group's main markets in cars, civil aircraft and defence will finally come good, but this is what Lucas was saying a year ago and the damage is now evident in its increased working capital requirement and underlying rise in balance sheet gearing. From virtually nothing 18 months ago, this will probably be 40 per cent at the end of the financial year, close to the limit of what is comfortable.

Investors in the sector face a stark choice between Lucas and T&N on the one hand - would-be world-beaters but desperately capital-hungry - and the likes of GKN and BBA which have been ruthlessly running their businesses for cash in the current recession and eschewing fancy technology. No prizes, of course, for guessing which variety the stock market prefers. Short-termism or not, it is worth bearing in mind when assessing their chances that the combined sales of these four UK companies are equivalent to the automotive division of Bosch.

FT-SE Index: 2452.9 (+5.0)

Inchcape

Share price relative to the FT-A-All-Share Index



Source: Datastream

with profits up by more than half in services and by nearly a tenth in marketing. As for Toyota, Inchcape was sensible enough to negotiate a long-term deal with the manufacturer, so it has plenty of time to reduce its dependence and has already made significant progress. Once the Toter Kemsley & Millbourn acquisition is fully absorbed, only 40 per cent of vehicle sales will be Toyota cars.

The recent volatility of its shares suggests that some investors have been tempted to take profits. Inchcape is coming out of recession in far better shape than it went in, which suggests considerable long-term scope. The prospective multiple of 12.5 is far from daunting.

Eurotunnel

Yesterday's statement from Eurotunnel on the conclusions of the disputes panel was characteristically robust. But in marking the company's shares down 33p the market rightly concluded that the latest round in the battle with Transmanche Link (TML) had gone the contractors' way. The panel findings, to be sure, are not binding and Sir Alastair Morton can be relied upon to come up with good reasons why he should not triple the monthly fixed equipment payments as proposed. In forthcoming negotiations with TML, though, he will no doubt be conscious that the arbitrator in Brussels will at least take note of the panel's findings. A capital reconstruction is still not a certainty, but the odds have once again shortened.

National Westminster

Mr Tom Frost of National Westminster was not the City's favourite clearing banker. So one might have expected the bank's share price to rise on news of his departure. Its fall of nearly 1 per cent yesterday simply serves to emphasise the difficulties facing the youthful Mr Derek Wanless. Mr Frost's successor as chief executive. There is little Mr Wanless can do about the effect of high real interest rates on customers such as Heron International. However, he is unproven as a strategist, and some awkward decisions loom, for example over NatWest's US operation which is now returning to profit. A speedy disposal might give the impression of leadership. Unfortunately it would also mean selling at the bottom of the market assets which were originally bought at the top.

Allianz/Dresdner

There is something peculiar about the attempt by Germany's cartel office to force Allianz to cut its stake in Dresdner Bank. The office's interest in Allianz is natural, since European-wide efforts at liberalisation will not work without effective competition at national level. But it is hard to see why the Dresdner Bank stake should be the focus of attack, even though Allianz may exercise influence on the bank through indirect holdings over and above its declared interest of 22 per cent. Allianz's complex relationships within the insurance sector itself ought to be a much more fruitful avenue of investigation.

Inchcape

Inchcape is fashionable these days, so it is worth remembering how recently the market saw it as a rather uninspired overseas trading company. Its results for 1991 were a reminder of the group's transformation since the mid-1980s, not least because they included proceeds from the sale last June of its Assam tea business. The figures also contradicted the notion that Inchcape is too reliant on the motor industry and Toyota in particular.

Cash flow after tax and dividends last year of £115m was strong enough, to bring gearing down to about 20 per cent, well below the level predicted at last year's rights issue. Growth in the non-motor businesses was vigorous.

Major holds out prospect of annual income tax cuts

By Philip Stephens, Political Editor, in London

MR JOHN MAJOR, the British prime minister, yesterday tried to regain the election campaign initiative for the Conservatives by holding out the prospect of annual cuts in income tax targeted on the lower paid.

Mr Major dismissed the prospect of a post-election crisis in public finances and pledged that there would be no emergency package of spending cuts to rein back borrowing if the Tories won on April 9.

However, Mr Norman Lamont, the chancellor of the exchequer, offered a more cautious assessment. He said the projections for economic growth and borrowing indicated there would be "very, very little" room for manoeuvre either for tax cuts or for further spending increases before 1995-96.

Mr John Smith, spokesman on the economy for the Labour party, seized on the remarks to charge that Mr Lamont had "blown apart" the prime minister's promise of a sustained reduction in income taxes.

The clash over taxation coin-

cided with a new opinion poll giving the Conservatives a one-point lead over Labour. The Harris poll put the Conservatives at 40 per cent, Labour at 38 per cent and the Liberal Democrats at 17 per cent.

Mr Major's attempt to refocus his campaign came after inquiries at Conservative central office had concluded that the promise of an end to recession and of rising living standards offered the best route to winning the support of uncommitted voters.

He combined an optimistic assessment of the prospect of a "year-by-year" extension of the new 20p band of income tax with a stark warning of how family incomes would be hit by the "nightmare on Kinnock Street" of a Labour government.

At a rally last night Mr Major sought to reinforce the charge that Labour's spending pledges would take £1,250 a year from the average taxpayer.

That was flatly rejected by Mr Neil Kinnock, the Labour leader, who produced his own figures to demonstrate that eight out of 10 taxpayers would benefit from the tax and benefit changes set out in

his party's shadow Budget.

Mr Kinnock will today seek to move the campaign battle on to education by setting out in detail his party's plans to add a \$500m to the education budget.

Mr Paddy Ashdown, the Liberal Democrat leader, has seen his party's standing rise strongly on the back of a pledge to inject an extra £2bn into education.

Mr Major was dismissive of concern in the City of London that public borrowing in the financial year beginning next month might exceed the Treasury's £28bn forecast.

Asked if he would be forced into a post-election package of spending cuts he replied: "I do not think it is an economically sensible thing to do."

Mr Lamont's comments, however, reflected the Treasury's more sober assessment of the impact of the recession on the country's public finances. Under its current projections, the first opportunity for tax cuts would not come until 1995-96 and would then be limited to an initial £1bn.

Election 1992, Pages 8-10
Joe Rogaly, Page 18

Allianz told to cut stake

Continued from Page 1

its direct stake stood at 22.3 per cent, and even if all its indirect holdings were taken into account, the stake still fell below the 25 per cent threshold.

It said it had no direct shareholdings in three investment companies - Frankfurter Gesellschaft für Finanzwerte (FGF), Vermo and Frankfurter Gesellschaft für Chemiewerte (FGC) - which between them own 21 per cent of Dresdner Bank.

The Spiegel article said Allianz had stakes in some of the shareholders in these companies, for example Münchener Rückversicherung, the reinsurance company in which Allianz owns a 25 per cent stake.

Allianz will have leave to appeal against the decision, and it is possible that the process will take years before it is finally determined whether it must reduce the stake.

Analysts said in the meantime that it would cast some uncertainty over Dresdner's share price and make it more difficult for the bank to hold a rights issue, as it was widely expected to do later this year.

World Weather		°C		°F		°C		°F		°C		°F		°C		°F	
		Boulogne	C	7	45	Frankfurt	F	11	52	Madrid	R	8	46	Nairobi	S	17	63
		Buenos Aires	F	10	50	Geneva	S	13	55	Manila	S	17	63	Osaka	F	9	49
		Budapest	F	17	63	Glasgow	F	17	63	Moscow	F	16	61	Paris	F	3	37
		Buenos Aires	C	22	72	Glasgow	F	7	45	Moscow	S	16	61	Prague	S	7	45
		Cairo	F	21	70	Helsinki	C	-2	28	Manila	F	18	64	Rangoon	F	17	63
		Cape Town	F	22	72	Hong Kong	-	9	48	Manila	F	18	64	Rangoon	F	17	63
		Caracas	F	29	84	Innsbruck	F	9	48	Manila	F	18	64	Rangoon	F	17	63
		Casablanca	C	19	61	Inverness	C	6	43	Manila	F	18	64	Rangoon	F	17	63
		Chicago	F	3	37	Islamabad	F	22	72	Manila	F	18	64	Rangoon	F	17	63
		Cologne	S	11	52	London	F	22	72	Manila	F	18	64	Rangoon	F	17	63
		Copenhagen	S	4	39	Los Angeles	C	15	59	Manila	F	18	64	Rangoon	F	17	63
		Cebu	S	15	59	Johannesburg	F	25	77	Manila	F	18	64	Rangoon	F	17	63
		Dallas	C	11	52	Lima	C	11	52	Manila	F	18	64	Rangoon	F	17	63
		Dublin	C	7	45	London	R	14	57	Manila	F	18	64	Rangoon	F	17	63
		Dubrovnik	C	8	46	Los Angeles	C	15	59	Manila	F	18	64	Rangoon	F	17	63
		Durham	C	5	41	Los Angeles	C	15	59	Manila	F	18	64	Rangoon	F	17	63
		Edinburgh	C	5	41	Luxembourg	C	3	38	Manila	F	18	64	Rangoon	F	17	63
		Faro	F	17	63	Luxembourg	C	3	38	Manila	F	18	64	Rangoon	F	17	63
		Florence	R	9	48	Madras	S	18	64	Manila	F	18	64	Rangoon	F	17	63
							</										

1991 ANNUAL RESULTS

Strong recovery in second half profits.
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	1990	1991
Profits before taxation	£226.3m	£173.8m
Earnings per ordinary share	58.5p	45.3p
Dividends per ordinary share	23.25p	23.25p
Net debt	£405.3m	£118.0m

Pearson's Annual Report will be published on 22 April 1992. If you would like a copy please write to
Lloyds Bank plc, Registrar's Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA.

PEARSON

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INSIDE

Changes at the top
of car group

VOLVO Mr Christer Zetterberg, chief executive of Volvo, plans to leave the Swedish car and truck group in October after barely two years at the helm. He was until recently tipped as heir-apparent to Mr Pehr Gyllenhammar, Volvo's chairman. Only last week, Volvo confirmed Sweden's closely-knit business community with the announcement it was replacing Mr Zetterberg with Mr Sören Gyll, the chief executive of Procordia, the Swedish food and pharmaceuticals group with which Volvo wants to merge. Page 22

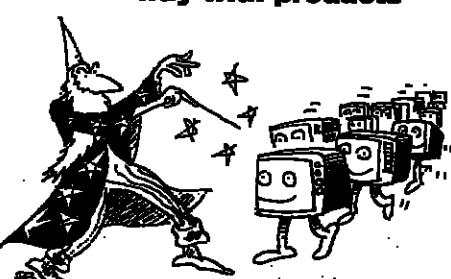
MB-Caradon rises 5%

A strong second half performance helped MB-Caradon, the UK building products, security printing and packaging group, report a 4.6 per cent rise in pre-tax profits to £108.4m (£184m) for 1991. Mr Peter Jensen (left), chief executive, said that so far in 1992 the profitability of the group's managed businesses - building products and security printing - were showing "a significant increase". Page 31

Hard Labour on the farm

The received wisdom of British politics is that farmers vote Conservative. But a survey by the magazine Big Farm Weekly showed that of the 500 or so farmers surveyed 83 per cent said they voted Conservative last time but only 63 per cent intend doing so this time. This may be because during the Conservative administration UK farm incomes have declined, in real terms, by more than 50 per cent. Page 32

A wizard way with products



Someone forgot to tell Mr Haruo Tsuji, president of Sharp, the Japanese electronics company, that the electronics industry is supposed to be in a slump. In the past two months, Mr Tsuji managed to pull off two important cross-border alliances that will put it at the centre of a new generation of electronic products. Sharp, maker of the Wizard electronic organiser, has also revolutionised the production of high definition television in Japan. Page 23

Mexico lightens the gloom

Sentiment was depressed last week in most of the markets covered in the FT-Asturies World Indices, with Mexico the sole bright spot. The world index fell 1.3 per cent on the week. European bourses failed to shake off the gloom, with Italy particularly under a cloud. Back Page

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Chief price changes yesterday

FRANKFURT (DM)			PARIS (FF)		
Riesse	256.5	+ 4.5	Carrefour	2830	+ 72
Hoechst	356	+ 5	CDI Mid	546	+ 55
Volkswagen	356	+ 5	CDI Mid	1700	+ 154
Pfizer	866	+ 19	St Gobain	582	+ 22
Adia	348.5	+ 5.7	Pfizer	820	+ 19
Dresdner Bank	735	+ 10	Hachette	1583	+ 67
Marathon Bank	545	+ 10.5			
NEW YORK (\$)			TOKYO (¥)		
Riesse	17.5	+ 3	Carrefour	1010	+ 100
Chrysler	32	+ 2	Midwest Van	585	+ 55
Ford	32	+ 2	Hyundai	1250	+ 100
Helene Curtis	37	+ 2	Toyota	1140	+ 100
Pfizer	33.5	+ 1.4	Pfizer	410	+ 40
Chemical Bank	54	+ 1.5	Asahi	981	+ 79
Int'l	39.4	+ 2.4	Daimler		

New York prices at 12.30pm.

LONDON (Pence)			FTZ		
Riesse	290	+ 12	Alcon	337	+ 23
Glaxo	34	+ 3	Automated Sec.	81	+ 8
DBP Packaging	1955	+ 25	Central Motor	118	+ 10
Druck Ybbs	913	+ 63	Comptel People	56	+ 5
ICI	1266	+ 18	Comptel People	178	+ 22
Inchcape	428	+ 13	Euroland	405	+ 33
MB Caradon	257	+ 7	Jacobs Vert	55	+ 5
Midland Bank	357	+ 15	Lorho	79	+ 8
Nichols (Vols)	365	+ 15	Lorho	112	+ 7
Pearson	794	+ 8			

French media group needs more equity to meet up to FFrl.8bn provisions

Hachette to restructure finances

By Alice Rawsthorn in Paris

HACHETTE, the heavily indebted French media group, is being forced to restructure its finances because of its exposure to La Cinq, the struggling television station which filed for bankruptcy earlier this year and which will learn on Friday whether it is to close.

The news of the restructuring follows months of speculation about the media group's financial situation.

Hachette, 51 per cent owned by the Lagardère family interests, is discussing a proposed merger with Matra, the French defence group that is also controlled by the Lagardères. Yesterday it said it expected to make provisions of up to FFrl.8bn (\$31.9m) in its 1991 accounts to cover its exposure to La Cinq.

This means Hachette, burdened by net debt estimated at FFrl.8bn, urgently needs to increase its shareholders' equity, which would be reduced to around

FFrl.2bn after such a provision. As a result it has begun negotiations with its banks and shareholders - including Crédit Lyonnais and Banque Nationale de Paris, the state-controlled French banks - to restructure its finances.

Yesterday there was speculation in the Paris stock market that the restructuring could involve the Lagardère faction losing control of the group whose interests include the worldwide rights to Elle magazine.

"The situation looks very serious," said Mr Jean-Jacques Linage, media analyst at James Capel stockbrokers in Paris. "Hachette has some good people and good businesses, but its balance sheet is in terrible shape."

Hachette, which is expected to announce an overall loss for 1991 after sustaining a FFrl.30m net loss in the first half of the year, made a FFrl.75bn provision for La Cinq in its 1990 accounts. However, the 1991 provision of FFrl.8bn is expected to cover all

potential liabilities, including the possibility of compensating the financial investors, such as Kleinwort Benson, the London-based bank, that Hachette introduced to La Cinq when it took control of the channel in autumn 1990.

The group has been trying to sell assets to reduce the debts amassed by a spending spree in the US, notably the acquisition of Grollier, the encyclopedia group, for \$449m, and of Diamandis magazines for \$712m.

BMW studies US for potential production sites

By Kevin Done, Motor Industry Correspondent

BMW, the German carmaker, has reached an advanced stage in the investigation of potential production sites outside Germany. The company said yesterday it was studying sites in the US and Europe and that a decision could be made by the early summer.

According to a US government memorandum quoted in Automotive News, the US car industry

magazine, BMW was "80 per cent" decided on building a new car plant in the US. BMW said it was narrowing down its selection of locations to a short-list of four to five potential sites, and confirmed that Anderson, South Carolina was one of these.

BMW, one of the most successful European carmakers, has increased its car production every year during the past decade with output rising to a record 553,230 in 1991.

The company said it was currently working at the limit of its capacity. Last year's 6.5 per cent increase in output was only achieved through heavy use of overtime.

BMW said yesterday it had not made a final decision on whether to press ahead with a foreign production site. It was still investigating whether such a site would be used.

● to assemble cars supplied in kit form from Germany; or

● to produce components such as engines; or

● to make such a plant the single source for a particular model variant, such as an estate car range.

BMW has studied production in the US in particular as a way of countering its exposure to exchange rate fluctuations between the US dollar and the D-Mark. It is also facing severe price competition in the US luxury car market, in particular

from Japanese carmakers. In spite of heavy falls in its US car sales since the mid-1980s, the US remains BMW's second-largest market after Germany with sales of \$3,300 last year, or nearly 10 per cent of its worldwide sales.

The company has only two production plants outside Germany: an engine plant in Austria, which produced more than 300,000 engines in 1990; and a car assembly plant in South Africa, which last year produced 15,431 cars.

Tim Dickson on Peter Drew's departure from the UK construction group

Tackling the decline
at Taylor Woodrow

Taylor Woodrow



Colin Parsons

"An experienced contractor does not make a hostile move on a competitor without knowing what it might be getting."

Mr Parsons, a 55-year-old chartered accountant, looks a safe pair of hands by contrast. Experienced in running a public company in Canada - outside shareholders own 40 per cent of Monarch - he can be expected to attack overhauls and concentrate the group on its core housebuilding, property, wholesale trading and contracting activities.

Though there has been some speculation about the company's commitment to contracting in the US, there will be emphasis on the traditional Taylor Woodrow virtues of conservatism and financial prudence.

The City of London, however, will not be easily convinced that a new chapter has begun: there is no obvious end to Taylor Woodrow's trading difficulties, in spite of the strength of its balance sheet (borrowing as a proportion of shareholders' funds was not thought to be more than 30 per cent at the last year-end).

The housebuilding division, which even in a good year sells a mere 1,000 homes, is too small to cash in on any housing uplift. The contracting side has a tail of unprofitable work. And although the portfolio is understood to be almost fully leased there will have to be more balance sheet write-downs.

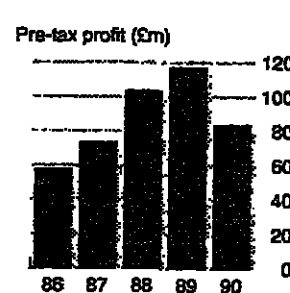
More serious, though, are suggestions that Taylor Woodrow's supercharged performance in the middle to late 1980s masked deeper weaknesses in the organisation only now coming to light.

To many observers there is an inbred look about the board which made it predictable the directors would again choose one of their own to try to dig themselves out of the present hole.

Boardroom harmony is likely to be restored - with Mr Parsons throwing his weight behind the previously eclipsed chief executive Mr Tony Palmer and the rift with life president and company founder Lord Taylor likely to be healed.

One day, though, Mr Parsons may find the pressure to bring in more outside blood irresistible.

- 1921 Founded as a housebuilder in Liverpool by Frank Taylor (now Lord Taylor)
- 1936 Becomes public company Extends housing activities into US, and begins contracting in UK
- 1942 Acquires Greenham Group (foundation for wholesaling business)
- 1964 First serious investment in property
- 1987 Started work on Channel tunnel
- 1990 (January) Peter Drew becomes chairman



Share price relative to the FT-A Contracting and Construction Index



Pre-tax profit (£m)

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INTERNATIONAL COMPANIES AND FINANCE

Lucas turns to pension fund for help

By Paul Cheeseright,
Midlands Correspondent

OPERATING profits at Lucas Industries, one of the largest of the UK's international engineering groups, crumbled under the weight of the recession in the motor and aerospace industries.

Only a distribution from the group's pension fund surplus allowed it, yesterday, to announce pre-tax profits for the six months to January of £90.2m (\$156m) and a maintained interim dividend to shareholders of 2.1p.

However, the slide in its market value continued. Lucas shares lost 4.5 per cent in value

last week and yesterday they fell a further 7p to 112p in London, putting a tag on the group of less than £800m.

Dealers were concerned about the possibility of a dividend cut at the end of the financial year.

"Lucas has not yet seen evidence of an early overall recovery in its markets," warned Sir Anthony Gill, chairman. But senior executives added that, although the aerospace market may not produce much more profit in the second half than they did in the first, there have been flickerings of life on the automotive side.

Of the three main divisions in Lucas, only aerospace made

a significant first-half operating profit: £16.3m. The automotive division made just £800,000 and the applied technology division broke even. Demand slipped away; margins were under continual pressure.

In the first half of 1990-91, operating profits were £68.8m. This time, after meeting interest payments of £16.9m, Lucas was left with £200,000 of pre-tax profits.

However, after two years of talks with trustees and the obtaining of regulatory approvals, it also had a contribution of £90m from the Lucas Pension Fund. This has underpinned its balance sheet and

allowed a payment to shareholders.

Like other engineering groups, Lucas has retrenched heavily: 2,000 people lost their jobs in the first half of the financial year and a further 1,000 will go in the second half. More than 8,000 jobs have disappeared since July 1980, taking the payroll down to under 50,000.

The latest profit figures were held back by more than £15m spent on redundancy and reorganisation costs. By the end of the financial year, this sum will have more than doubled.

Lex, Page 20
Background, Page 30

Veba posts record DM59.5bn turnover

By Christopher Parkes
in Bonn

VEBA, the German power-to-retailing conglomerate, yesterday reported record sales and profits for 1991. It promised shareholders a DM12 dividend, DM1 more than in 1990.

Mr Klaus Piltz, chairman, said he was cautiously optimistic for this year, estimating that results would at least match those of 1991. He said all sectors except oil and chemicals were performing well.

Consolidated turnover rose 9 per cent to DM59.5bn (\$36bn) and operating profits were up 18.7 per cent at almost DM3bn, said Mr Ulrich Hartmann, finance director.

The group, which comprises 674 subsidiaries compared with 646 at the end of 1990, had especially good results in electricity generation and distribution, and in the trading sector.

Mr Piltz said fixed costs would be scrupulously examined this year following a flurry of acquisitions and new investments.

The aim was to reduce costs by DM400m a year before the end of 1993. This would involve reducing the workforce by 3,500, slimming down administration, decentralising management, and pulling out of fringe activities.

The chairman, responding to criticism of relatively weak growth in the share price, said the question of shareholder value was a legitimate issue. Higher share prices, however, could not be achieved through short-term measures.

Vebsa's core businesses depended on medium and long-term strategies. There was no "taboo" attached to floating off subsidiaries, but such action should be taken only when it served the financial and strategic interests of the group.

Like the German engineering group, expects 1992 group sales to rise by about 10 per cent, after climbing 13.9 per cent in 1991 to DM6.91bn. Reuter reports from Wiesbaden.

Zetterberg plans to leave Volvo after board shift

By Sara Webb in Stockholm

MR CHRISTER Zetterberg, chief executive of Volvo, plans to leave the Swedish car and truck group in October after barely two years at the helm.

The 50-year-old former banker and forestry group chief executive - who until recently had been tipped as the heir-apparent to Mr Pehr Gyllenhammar, Volvo's chairman - gave no indication of what he will do when he steps down.

Volvo issued a brief statement yesterday announcing Mr Zetterberg's intention to leave in October.

Only last week, Volvo confirmed Sweden's closely-knit business community with the announcement it was replacing Mr Zetterberg with Mr Sören Gyll, the chief executive of Procordia, the Swedish food and pharmaceuticals group with which Volvo wants to merge.

Volvo said Mr Gyll would take over as chief executive from May 13, while Mr Zetterberg would be demoted to the position of deputy chief executive.

However, yesterday Volvo said Mr Zetterberg would remain with the company officially until October 1992 and would be available to help Volvo until then.



Christer Zetterberg: barely two years at the helm

"My decision to leave the company was quite natural in the light of the management shift," said Mr Zetterberg yesterday. Mr Zetterberg was not available for further comment.

Business relations between Volvo and Procordia have clearly grown warmer as a result of the discussions about a proposed SKr38.7bn (\$6.48bn) merger of their operations, although it is still not clear whether the government will allow the deal to go ahead.

Mr Zetterberg joined Volvo as company president in the spring of 1990 before taking over from Mr Pehr Gyllenhammar as chief executive officer in October of the same year.

He is credited with introducing important rationalisation measures, including the plan to cut 11,000 jobs and reduce costs by SKr3.5bn by the end of 1992. At the end of 1991, Volvo had 63,600 employees, and costs for the year amounted to SKr75.6bn.

St Louis pays more as profit edges ahead

By Alice Rawsthorn
in Paris

SAINT LOUIS, the French food and paper company which recently became embroiled in the bid battle for Perrier mineral water, yesterday announced a bigger dividend following a 3.2 per cent increase in net profits from FF732m (\$130.7m) in 1990 to FF760m in 1991.

The board proposed an increase in the dividend from FF30 to FF32 a share.

Saint Louis became involved in the Perrier saga because of its links with the Agnelli family of Italy, one of its minority shareholders.

Saint Louis agreed to buy 13.8 per cent of Perrier for FF1.5bn on the eve of the announcement of the first FF13.42bn bid from Nestlé, the Swiss food group.

This purchase was later annulled by the Paris commercial court and Saint Louis sold the shares back to Perrier.

The Perrier fracas came at a time of a period of rapid expansion for Saint Louis, which last November launched a FF4.3bn share offer for the remaining shares in Arjomar-Prioux, the paper company in which it already held a controlling 41.42 per cent stake.

The group's net profits for 1991 comprised FF757m from food interests and FF732m from the paper division.

St-Gobain pins hopes on US

SAINT-GOBAIN, the French glass and materials maker, hopes to earn more in the current year than 1991's FF2.51bn (\$450m) net attributable profit, Mr Jean-Louis Beffa, chairman, Reuter reports.

Mr Beffa, speaking to financial analysts, said the first signs of recovery in the US, where Saint-Gobain sees about 20 per cent of turnover, were apparent in February and confirmed in March.

"The extent of this recovery

... cannot be predicted," he said. "It will be moderate in 1992 and more significant in 1993."

The US market is critical to Saint-Gobain because of its \$1.8bn acquisition in 1990 of US abrasives and ceramics-maker Norton.

Mr Beffa said German growth, which was strong in 1991, was expected to hold up well in 1992, while French business was likely to be stable this year. Saint-Gobain's

FF2.5bn net attributable profit for 1991 was down from FF3.36bn in 1990.

Mr Beffa added that Saint-Gobain expected to continue to reduce debt in 1992, although he said the company might not reach its goal of cutting net debt to 40 per cent of equity by the end of 1993.

Net debt stood at FF20.5bn, or 56 per cent of equity, at end-1991 against FF19.4bn, or 59 per cent of equity, at the end of 1990.

KIO expected to appoint new chairman soon

THE CHAIRMAN of the London-based Kuwait Investment Office (KIO) is expected to retire soon and be replaced by a senior official from one of Kuwait's commercial banks, according to the Middle East Economic Survey (MEES), the Nicosia-based oil industry weekly. AP-DJ reports from Manama.

MEES said Mr Fahd Mohammed al-Sabah wanted to retire from the KIO for health reasons. He is likely to be replaced by Mr Ali Rashid al-Badr, chairman of the Bank of Kuwait and the Middle East.

The KIO manages the bulk of Kuwait's overseas equity investments, which include significant stakes in British Petroleum, Midland Bank and Daimler-Benz.

Agnelli acquires stake in Hong Kong bank group

By Simon Holberton
in Hong Kong

MR GIANNI AGNELLI, the Italian industrialist, has bought 5 per cent of Guoco Group - the owner of Dao Heng Bank, Hong Kong's fourth largest bank - from the Kuwait Investment Office.

In what is believed to be Mr Agnelli's first foray into Far East markets, he said the purchase would lay the ground-work for future co-operation with Guoco and the Hong Leong group of companies, both of which are controlled by the Quek family of Malaysia.

The family has extensive interests in Malaysia, Singapore and Indonesia, as well as Hong Kong, mainly in finance, property and manufacturing which it holds through the

Hong Leong group of companies.

The family also owns 31 per cent of Guoco which at the weekend said it had bought 49 per cent of Hoare Govett Asia following a buyout of the broker by its management from Security Pacific. Aside from banking, Guoco also has interests in hotels and manufacturing in China.

The terms of the deal were not disclosed, but analysts said that Mr Agnelli would have had to pay at least HK\$150m (US\$24.5m) for the stake in Guoco. KIO will retain a 24 per cent interest in the company.

Mr Li Ka-shing, Hong Kong's richest man, has made a convertible loan to Guoco which entitles him to 9 per cent of the company's capital upon conversion.

Pearson declines 23% to £173.8m at pre-tax level

By Raymond Snoddy
in London

PEARSON, the UK publishing, banking and industrial group, is looking for possible publishing acquisitions in Asia and the Pacific region, Lord Blakenham, chairman and chief executive, said yesterday.

He was announcing better-than-expected pre-tax profits of £173.8m (\$300.67m) for 1991, compared with £226.3m for 1990 - a fall of 23 per cent.

In most areas of Pearson's business, organic growth was considered a more profitable way to expand, but deals for the oil services division were possible, he said.

Pearson, which owns the Financial Times, had promised a recovery in the second half of 1991 after profits in the first half slumped 58 per cent to £41m, against £98m in 1990.

Turnover rose to £1.6bn compared with £1.54bn in 1990. There was a 23 per cent fall in earnings per share, from 58.5p to 45.3p, but the dividend was

maintained at 23.25p. The company also announced a one-for-one scrip issue.

Mr Frank Barlow, group managing director, said the turnaround at British Sky Broadcasting, in which Pearson has a more than 18 per cent stake, had been remarkably quick. "I would be very surprised if BSkyB doesn't start to turn out an overall profit in the second half of 1992," he said.

"The result is rather better than expected," said Mr Eric de Balleine, publishing analyst at stockbrokers Pamour Gordon. He described Pearson as "a very sound business" and noted dividend cover of 1.9 times, interest cover of 9.9 times, and a debt-equity ratio which fell from 87 per cent in 1990 to 12 per cent in 1991.

Pearson increased trading profits in two of its sectors: oil services rose 15 per cent to £22m and books rose 7 per cent to £29.7m. Newspapers fell 38 per cent to £28.7m and trading profit was halved to £12.1m.

Rhône-Poulenc and SNIA in European link

RHÔNE-POULENC, the French chemicals and pharmaceuticals group, and SNIA Fibre, a unit of Fiat's SNIA offshoot, plan to merge their European activities in polyamide carpet yarn (BCF) and polyamide staple fibre, Reuter reports.

Rhône-Poulenc said the merged unit, held 50-50 by itself and SNIA, will have estimated annual turnover of FF1.8bn (\$322.8m) and employ about 1,500 people.

The joint venture will be Europe's largest carpet fibre and BCF polyamide producer. It will be a leading producer of polyamide staple fibre for textile and industrial uses. Mediobanca yesterday revealed that gross profit fell to £340.4bn (\$274.7m) in the first half, from £354.7bn in the previous year.

But in the eight months to the end of February this year, gross profit stood at £408.8bn, slightly up from £407.9bn in the same period the year before, the bank said.

BANK OF CREDIT AND COMMERCE INTERNATIONAL LIQUIDATION

NOTICE OF SUBMISSION OF CLAIMS

The Liquidators of Bank of Credit and Commerce International S.A. ("BCCI SA"), Bank of Credit and Commerce International (Overseas) Limited ("BCCI Overseas") and Credit and Finance Corporation Limited ("CFC"), appointed in Luxembourg, England, the Cayman Islands, Isle of Man and Scotland are issuing Special Proof of Debt Forms to known potential claimants.

All claims must be on the Special Proof of Debt Form only, fully completed, signed and dated and returned by 30 June 1992. Claims received after this date may be excluded from the initial distribution. If you do not receive the Proof of Debt Form by 11 April 1992, or are the holder of BCCI Travellers Cheques, please detach and return the slip below to the appropriate address given below:

- for BCCI SA in Luxembourg, to **PO Box 46, 25c Boulevard Royal, L2010 Luxembourg.**
- for BCCI SA in England, Scotland and Isle of Man, to **PO Box 150, 100 Leadenhall Street, London EC3A 3AD.**
- for BCCI SA in other locations, either to **PO Box 250** at the above address in London or the above Luxembourg address.
- for BCCI Overseas or CFC, to **PO Box 1359, Fort Street, George Town, Grand Cayman, Cayman Islands, British West Indies.**
- for holders of all BCCI Travellers Cheques, to BCCI Travellers Cheques, **PO Box 450, 100 Leadenhall Street, London EC3A 3AD, United Kingdom.**

If you are unsure as to where to claim please contact Global Creditors Group, **PO Box 250, 100 Leadenhall Street, London EC3A 3AD, United Kingdom.**

If your account is restricted in any way, including "Hold Mail Instructions", you must submit a specific waiver of these instructions and provide appropriate authorisation in order for the Liquidators to send you the Special Proof of Debt Form.

A further notice and application form will be issued to creditors in connection with the proposed agreements with the Government of Abu Dhabi, as explained in the recent Summary of Agreements, after Court approval of the Agreements in the relative jurisdictions.

The procedure outlined above is for claims to be submitted in Luxembourg, England, the Cayman Islands, Isle of Man and Scotland. It is appreciated that many local officers have been appointed in other jurisdictions. Cooperation between the Liquidators and the local officers will be necessary before many creditors' claims can be admitted. In the circumstances creditors may wish to contact their local officers.

This notice only applies to BCCI SA, BCCI Overseas and CFC and their branches.

THE LIQUIDATORS OF BCCI SA, BCCI OVERSEAS AND CFC.

IF YOU DO NOT RECEIVE A PROOF OF DEBT FORM BY 11 APRIL 1992 PLEASE DETACH THIS SLIP AND RETURN TO THE APPROPRIATE LIQUIDATOR AT THE ADDRESS GIVEN ABOVE.

Please send a Proof of Debt Form to:

Name: _____

Address: _____

Postcode: _____

Country: _____

Please indicate COMPANY: BCCI SA/BCCI OVERSEAS/CFC

BRANCH: _____

Please indicate type of claim by a tick:

Trade Creditor: ☐

Travellers Cheque: ☐

Depositor (Number of accounts): ☐

Account Number: _____

Other Claims (including Employees): ☐

Signed: _____

U.S. \$100,000,000

GW Overseas Finance N.V.

Guaranteed Floating Rate Notes

Due 1994

Unconditionally guaranteed by

GW

Great Western Financial Corporation

Interest Rate	5 1/4% per annum
Interest Period	30th March 1992 30th September 1992
Interest Amount per U.S. \$10,000 Note due 30th September 1992	U.S. \$268.33

Credit Suisse First Boston Limited
Agent

U.S. \$100,000,000

Kemira Oy

Floating Rate Notes Due 1995

of which U.S. \$75,000,000 has been issued as the Initial Tranche

Interest Rate	5 1/4% per annum
Interest Period	30th March 1992 30th September 1992
Interest Amount per U.S. \$10,000 Note due 30th September 1992	U.S. \$268.33

Credit Suisse First Boston Limited
Agent

U.S. \$75,000,000

Comerica Incorporated

Floating Rate Subordinated Capital Notes Due 1997

Interest Rate	5 1/4% per annum
Interest Period	31st March 1992 30th June 1992
Interest Amount per U.S. \$50,000 Note due 30th June 1992	U.S. \$663.54

Credit Suisse First Boston Limited
Agent

CITICORP

U.S. \$350,000,000

Subordinated Floating Rate Notes Due November 27, 2005

Notice is hereby given that the Rate of Interest has been fixed at 5% in respect of the Original Notes and 5.0875% in respect of the Enhancement Notes, and that the interest payable on the relevant Interest Payment Date April 30, 1992 against Coupon No. 77 in respect of US\$10,000 nominal of the Notes will be US\$41.67 in respect of the Original Notes and US\$42.40 in respect of the Enhancement Notes.

U.S. \$500,000,000

Subordinated Floating Rate Notes Due October 25, 2005

Notice is hereby given that the Rate of Interest has been fixed at 5% and that the interest payable on the relevant Interest Payment Date April 30, 1992 against Coupon No. 78 in respect of US\$10,000 nominal of the Notes will be US\$41.67.

U.S. \$500,000,000

Subordinated Floating Rate Notes Due January 30, 1998

Notice is hereby given that the Rate of Interest has been fixed at 5% and that the interest payable on the relevant Interest Payment Date April 30, 1992 against Coupon No. 75 in respect of US\$10,000 nominal of the Notes will be US\$41.67.

March 31, 1992, London
By: Citibank, N.A. (Citi Dept.), Agent Bank

CITIBANK

U.S. \$80,000,000

MANUFACTURERS NATIONAL CORPORATION

Manufacturers National Corporation

(Incorporated in the State of Delaware)

Subordinated Floating Rate Notes due September 1996

Issue Price 100%

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from March 31, 1992 to September 30, 1992 the Notes will carry an Interest Rate of 4.875% per annum. The interest payable on the relevant interest payment date, September 30, 1992 will be U.S. \$247.81 for Notes in denominations of U.S. \$10,000 and U.S. \$6,195.31 for Notes in denominations of U.S. \$250,000.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank

March 31, 1992

CHASE

U.S. \$200,000,000

Banco di Santo Spirito S.p.A.

(Incorporated with limited liability in the Republic of Italy)

London Branch

Floating Rate Depository Receipts due 1993

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from March 31, 1992 to September 30, 1992 the Notes will carry an Interest Rate of 4 1/4% per annum. The interest payable on the relevant interest payment date, September 30, 1992 will be U.S. \$228.75 for Notes in denominations of U.S. \$10,000 and U.S. \$2,287.50 for Notes in denominations of U.S. \$100,000.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank

March 31, 1992

CHASE

INTERNATIONAL COMPANIES AND FINANCE

Sharp strategies create a buffer against electronics slump

Steven Butler on president Haruo Tsuji's recipe for resilience in the fiercely-competitive world of computer technology

THE consumer electronics industry is supposed to be in a slump, groping about for new products. If it is, someone ought to tell Mr Haruo Tsuji, president of Sharp, the Osaka-based Japanese electronics company.

In the past two months, Mr Tsuji has pulled off two important cross-border alliances - with Apple Computer and Intel - that will put it at the centre of emerging technologies for a new generation of products. At home, Sharp caught the rest of the industry napping when it launched a television receiver that promises to revolutionise the market for high-definition television in Japan. It simplified the functions of the standard HDTV and managed to undercut competitors' prices by 75 per cent. As a result, a mass market for HDTV is just around the bend instead of years away.

"We don't make the same things that other people make, because if we do we will lose out," says Mr Tsuji. Yet Sharp's strategy of avoiding a well-trodden path may not work for much longer. Technologies it has been perfecting for years - such as colour liquid crystal display (LCD) screens - suddenly look like becoming mainstream. Competitive advantage in

the electronics business is at best a fleeting affair. Yet, thanks to clever strategic choices, Sharp is well-prepared to cope with the difficult business conditions of the 1990s, where many product markets have reached saturation.

This is apparent as much in what Sharp has chosen not to do as in what it is doing. Sharp is big in the semiconductor memory business, controlling 44 per cent of the world market for mask read-only memory chips that contain, for example, electronic instruction sets for computer games. Yet, even though its scientists have stayed in the development race for the latest generation of dynamic random access memory chips (D-Ram) - a key component of personal computers - Sharp decided not to manufacture them.

"It is even more cost-effective to buy D-Ram from other companies," says Mr Tsuji. With D-Ram makers unlikely ever to make a profit on the hundreds of millions of dollars spent to develop and manufacture the latest generation of high-capacity chips, the four-megabit D-Ram, Sharp's restraint looks wise. It has left the company in a stronger position to pay for the next round of research, to which it is devoting 8 per cent of sales,



Haruo Tsuji: 'We don't make the same things that other people make...'

or ¥98bn (\$742.42m) a year.

Similarly, Sharp does not have the same huge presence in the saturated markets for audio and visual equipment that is weighing on giants like Sony and Matsushita, whose profits are down sharply. Almost alone among Japanese electronics companies, Sharp has not yet had to revise downward profits projections for the fiscal year that ends today. This is not to suggest its

sales have been buoyant. Sales of cordless phones, where Sharp has been a leader, have been sluggish and are hurt by the appreciation of the yen. Mr Tsuji says a small downward revision in projections of roughly flat year-on-year profits may be necessary. Yet its ability to absorb a downturn in the industry is much better than its rivals.

Instead of spending billions to buy movie and music studios

to acquire "software" to go with its hardware business, Sharp instead devoted its funds to selected technologies. It is now an unrivaled world leader in laser diodes, a key component of compact disc players, mask ROM memories, and liquid crystal display screens. LCD production in the 1991 fiscal year grew 71 per cent to ¥115bn, after 53 per cent growth the year before. Mr Tsuji says growth is likely to

reach 43 per cent in 1992. Sharp has led the technological advance since it introduced the LCD calculator in 1973.

In the last year, however, it has been joined by hefty competitors in the field. NEC, Toshiba, Matsushita and Canon have all committed large funds to the LCD business. They are expecting demand for LCD screens to follow the rising popularity of portable computers. The flat, lightweight screens will also begin to replace office computer displays, and eventually some picture tubes in televisions. The market will be huge, but the potential for oversupply and cut-throat pricing will be high.

Mr Tsuji professes not to be worried. "Of course there will be competition, but technological development is the important factor," he says.

Long term, he wants to gradually re-weight Sharp's business areas. Consumer appliances as a proportion of Sharp's ¥1,220bn in sales have been brought down from 60 to 55 per cent, with a near-term goal of a 50-50 split with business related information devices.

The concentration on technologies for electronic devices - which Sharp will sell to others and use in its own products - is at the heart of growth

strategy. It was partly because of Sharp's expertise in read-only memories and LCD screens that Intel and Apple selected it as a partner.

Intel, which controls 85 per cent of the world market for microprocessors, is sharing with Sharp its advanced technology for flash memory devices, easily erasable and recordable integrated circuits that retain information when the power is switched off. These could be used in place of magnetic tape recorders or hard disc drives in portable computers, and will make it possible to build smaller and lighter equipment which uses little electric power.

Similarly, Apple offered its software to Sharp because of the latter's expertise in LCD displays, which will be a key component in some of the pocket-sized electronic devices Apple is planning.

Another attraction was Sharp's proven ability to turn technology into consumer products that sell. Indeed, Mr Tsuji refuses to forsake the older lines such as refrigerators, washing machines, vacuum cleaners and microwave ovens, because he believes microcomputers, sensors, and optical devices are about to revolutionise home appliances.

Asset sales help lift W&A 14%

By Philip Gawth in Johannesburg

W&A INVESTMENT Corporation, the diversified South African industrial and consumer group, weathered difficult operating conditions to record a 14 per cent increase in earnings in 1991.

Turnover was 6 per cent higher than in 1990 at R3.2bn (\$1.1bn), though the figures are not directly comparable. Attributable profits rose to R128.9m from R113.1m. Earnings per share declined, however, to 79 cents from 95 cents on account of a 37 per cent increase in the weighted number of permanent equity instruments in issue. The total dividend was unchanged at 42 cents per share.

During the year, the group embarked on a number of important structural changes. These included selling property and shares in Elcentre, the manufacturer of power cables and distributor of electrical goods, as well as its Arwa/Burhose hosiery business for R200m. The debtors' book of furniture retailer, JD group, was also sold.

Mr Jeff Lieberman, executive chairman, was pleased the group had maintained its operating margin at 10.4 per cent.

NZ government forced to buy Fletcher shares

By Terry Hall in Wellington

THE New Zealand government is to pay Fletcher Challenge nearly NZ\$400m (US\$219.3m) today to buy 104m of its shares currently worth around NZ\$345m.

Fletcher Challenge went ahead with a put option in spite of a last-minute appeal by Mr Jim Bolger, the prime minister, who said the government would be forced to borrow to fund it.

The arrangement was part of a complex put and call option agreement in 1988, when FCL made a successful last-minute bid for the state-owned enterprise, Petrocorp, which seemed certain to be sold to British Gas. Earnings from Petrocorp have been the

big source of profits for FCL since then, as the company's earnings have been hit by downturn in its international pulp and paper and construction sectors.

Under the put and call option, the former Labour government agreed to buy back into the energy sector on March 31 last year by requiring FCL to sell it 100m shares at NZ\$8.25 each. On the put side, FCL could require the government to buy 104m shares at NZ\$8.88.

FCL shares were yesterday selling at NZ\$8.30 - hence the big loss faced by the government - but at the time of the deal they were selling at NZ\$4.25, and the prospect of the option being exercised seemed remote.

A. B. ASESORES BURSATILES
THE INDEPENDENT LEADER IN CORPORATE
FINANCE SERVICES IN SPAIN

When it comes to providing a specialist and full range service to foreign and domestic companies alike, our experience in the Spanish market is a clear advantage, as our 1991 record shows:

MERGERS AND ACQUISITIONS

AMBIENTES URBANOS
DIMETAL Management team
CORPORACION CNL
SOGENOR (U.L.N. Group)
CONSTRUCCIONES LAIN
TEXSA
CORPORACION CNL
ALICO ESPAÑA
INDUSTRIAS DEL BESOS
MARIE BRIZARD
ERICSSON

Advisor in the acquisition of a 22% stake in CORPORACION IB-MEI through a public tender.
Advisor in the financing and acquisition of 10.5% of DIMETAL.
Advisor in the acquisition of a 30% stake in the Company by QUAIL ESPAÑA through a public tender.
Advisor in the acquisition of 26% of CELBASA-ATO through a public tender.
Advisor in the acquisition of 97% of TEXSA through a public tender.
Advisor to the de-listing through a public tender.
Advisor in the sale of the leasing business to UNINTER LEASING.
Advisor in the divestment strategy of the health insurance portfolio business.
Advisor in the sale of the steel division to the MARCIAL UCIN GROUP.
Advisor in the investment strategy and valuation of target companies in Spain.
Advisor in the investment strategy and valuation of target companies in Spain.

FINANCING OF COMPANIES AND INSTITUTIONS

EBRO AGRICOLAS
SARRIO
HUARTE

Design, management and placement of a two-tranche issue of convertible bonds for a total of Ptas. 8,490 million and Ecu 11,212,500.
Design, management and placement of a two-tranche issue of convertible bonds for a total of Ptas. 6,000 million and Ecu 26,666,660.
Design, management and placement of a two-tranche issue of zero coupon and ordinary coupon bonds due 1995, for a total of Ptas 5,000 million.
Placement of medium and long term notes for a nominal total of Ptas. 20,000 million.
Management of a Ptas. 4,000 million convertible bond issue.
Placement of notes for a nominal total of Ptas. 12,700 million.
Third largest domestic agent for mortgage-backed securities for a nominal total of Ptas. 7,400 million.
Co-management and placement of a short term notes program for a nominal total of Ptas. 1,500 million.
Co-management and placement of short term notes program for a nominal total of Ptas. 5,000 million.
Management of a Ptas. 5,007 million convertible bonds issue.

SHARE PLACEMENTS AND INITIAL PUBLIC OFFERINGS

METROVACESA
ACESA shareholder (vendor placing)
CONSTRUCCIONES LAIN
GRUPO HASA
TELEFONICA shareholder (vendor placing)

Lead manager of an international placement of 1,200,000 METROVACESA shares.
Co-lead manager of an international placement of 4,000,000 ACESA shares.
Lead manager of the initial public offering of 18,000,000 shares.
Lead manager of an international placement of 340,000 Estacionamientos Subterráneos (ESSA) shares.
Lead manager of an international placement of 10,000,000 TELEFONICA shares.

DEVELOPMENT CAPITAL

UBAGO
UNILAC
BOXPAL

Subscription of a Ptas. 1,050 million rights issue by ASESORES BURSATILES CAPITAL FUND.
Subscription of a Ptas. 650 million rights issue by ASESORES BURSATILES CAPITAL FUND.
Subscription of a Ptas. 400 million rights issue by ASESORES BURSATILES CAPITAL FUND.

COMPANY AND ASSET VALUATION

ARGENTARIA (Corporación Bancaria de España)
MADERAS RIA DE AROSA
GRUPO LLEDO
EBRO AGRICOLAS

Independent expert's valuation of a non-cash rights issue for a total of Ptas. 130,110 million.
Valuation of target companies in client's investment plan.
Advisor in the Group valuation.
Valuation of the merged company.

FINANCIAL ADVISORY SERVICES, RESTRUCTURINGS AND PROJECT FINANCE

GRUPO IBERSTONE
CELBASA ATO
A.B.B. SADESPIA
JOSE SANCHEZ PEÑATE (JSP Group)
RESORT ANDALUCIA (MOLL Group)
JUMBO COMERCIAL
GRUPO YANKO

Advisor in the financing of investment projects.
Design and management of its financial restructuring through a long term syndicated loan and a rights issue for a total of Ptas. 3,250 million.
Advisor in the financing of investment projects in the environment sector.
Design and management of its strategic plan and Group reorganisation.
Advisor in the reorganisation of the Group structure and design of its financial restructuring.
Advisor in the reorganisation of the Group structure.
Advisor in the restructuring and reorganisation of the Group structure.



A.B. ASESORES BURSATILES

Plaza de la Lealtad, 3. 28014 Madrid. Tel. 34 - 1 - 580 11 00. Fax 531 28 11.

Notice of Prepayment



¥3,000,000,000
6% per cent. Nikkei-Linked Depositary
Receipts due 1993

Issued by The Law Debenture Trust Corporation p.l.c.
evidencing entitlement to payments in respect of deposits with

Banca Commerciale Italiana

(Incorporated in the Republic of Italy as a Società per Azioni)

Hong Kong Branch

NOTICE IS HEREBY GIVEN that in accordance with Condition 4(c) of the Receipts, the Bank will prepay all of the Deposits on 18th May, 1992 at their Prepayment Amount, together with interest accrued amounting to ¥4,875,000 per ¥100,000,000 in principal amount of Deposits.

The Prepayment Amount will be calculated in accordance with Condition 4(e) of the Receipts and notified to the Receiptholders not later than three days prior to the date fixed for prepayment, subject to Condition 4(e) (iii), in which event notification will be given no later than one NIKI Business Day prior to the date fixed for prepayment.

Payment of the Prepayment Amount, together with interest accrued, will be made on and after 18th May, 1992 against presentation and surrender of Receipts, together with all unannounced Coupons, at the specified office of any Paying Agent listed below. Where any Receipt is presented for payment without all unannounced Coupons appertaining thereto, payment will only be made against the provision of such indemnity in respect of the missing unannounced Coupons as the Bank may reasonably require. On the date fixed for prepayment, unannounced Coupons appertaining to the relevant Receipt (whether or not attached to such receipt) shall become void and no payment shall be made in respect thereof.

Interest on the Deposits having become due for payment and the Prepayment Amount having become due for payment shall become payable, upon presentation of the relative Receipt or, as the case may be, Coupon in accordance with Condition 5 of the Receipts at any time on or prior to the twelfth anniversary (in the case of payments of the Prepayment Amount) or the sixth anniversary (in the case of payments of interest) of the Relevant Date therefor, but, at the expiry thereof, the obligation of the Bank to pay any Prepayment Amount and interest in respect of such Deposits shall be discharged.

Paying Agents

Bankers Trust Company
1 Appold Street
Broadgate
London EC2A 2HE

Bankers Trust Luxembourg S.A. Swiss Bank Corporation
14 Boulevard F.D. Roosevelt Aeschenvorstadt 1
L-2450 Luxembourg CH-4002 Basle

Bankers Trust
Company, London
31st March, 1992

Agent Bank



Goldstar Co., Ltd.
("the Company")

(Incorporated in the Republic of Korea with limited liability)

NOTICE

to the holders of the outstanding
U.S. \$30,000,000
1 1/2 per cent. Convertible Bonds Due 2002
of

Goldstar Co., Ltd.
("the Bonds")

NOTICE IS HEREBY GIVEN to the holders of the Bonds that the Company has issued to holders of its Common Stock 1,012,841 shares of Common Stock by way of dividend. The record date for such issue was 31st December, 1991.

Pursuant to the provisions of the Trust Deed constituting the Bonds, the Conversion Price per share of Common Stock of the Company has been adjusted to reflect the above event from W30.141 to W29.597 with effect from 1st January, 1992 (the day after the record date for the above issue).

Goldstar Co., Ltd.

31st March, 1992

INVITATION

addressed to the Shareholders and Holders of Participation Certificates
(in the following "Raiffeisen-Vermögensanteile")

to attend the

ORDINARY GENERAL MEETING

of the Raiffeisen Zentralbank Österreich AG, to be held on Wednesday, April 22nd, 1992 at 10.45 a.m., in 1030 Vienna, Am Stadtpark 9, "Raiffeisenaal" (ground-floor).

AGENDA

- 1) Presentation of the established annual financial accounts and presentation of the business report of the Board of Management regarding the business year 1991 together with the report of the Supervisory Board
- 2) Resolution regarding distribution of net profit
- 3) Resolution regarding the exoneration of the Members of the Board of Management and of the Supervisory Board
- 4) Resolution regarding reimbursement of the Members of Supervisory Board
- 5) Election of the auditors for the business year 1992
- 6) Miscellaneous

Attendance is granted only by presentation of certificates of deposit evidencing the deposit of shares or interim certificates with an Austrian notary public or with an Austrian or foreign bank. The deposit has to be effected not later than April 15th, 1992 (Section 17 Articles of Association).

The voting power of the shareholders corresponds to the nominal value of the shares.

In case votes are exercised by proxy a written authorization is requested. This authorization will be retained by the bank.

Holders of "Raiffeisen-Vermögensanteile" are entitled to attend the Ordinary General Meeting. Their right of attendance has to be justified in the same way as the corresponding right of shareholders (e.g. by analogous application of Section 17 Articles of Association).

THE BOARD OF MANAGEMENT

INVITATION

addressed to the Holders of "Raiffeisen-Vermögensanteile"

to attend

A BRIEFING

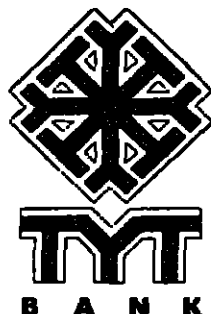
concerning the financial statements 1991. This briefing will be held on Wednesday, April 22nd, 1992 at 9.30 a.m. in 1030 Vienna, Am Stadtpark 9, 9th Floor, Conference Room B.

Holders of "Raiffeisen-Vermögensanteile" are authorized to attend this briefing; they have to justify their right of attendance by analogous application of Section 17 of the Articles of Association.

THE BOARD OF MANAGEMENT



RAIFFEISEN ZENTRALBANK ÖSTERREICH
AKTIEGESELLSCHAFT
KZB-AUSTRIA



TÜRKİYE TURİZM YATIRIM VE DIŞ TİCARET BANKASI A.Ş.

INCREASE IN PAID-UP CAPITAL

On February 28, 1992, our Annual General Meeting was held. At this meeting it was unanimously decided to raise the actual paid-up capital from 40 billion TL to 150 billion TL by June 1993. The first increase of 27.5 billion TL will have been completed by today.

We would like to take this opportunity to thank all our shareholders for their contributions to this increase.

THE GENERAL MANAGEMENT
TYT BANK

TÜRKİYE TURİZM YATIRIM VE DIŞ
TİCARET BANKASI A.Ş.
Cumhuriyet Cad. No: 301, 80230
Harbiye, İstanbul, Türkiye

Westpac Banking Corporation

(Incorporated with limited liability in the State of New South Wales, Australia)

U.S. \$500,000,000
Perpetual Capital Floating Rate Notes

In accordance with the terms and conditions of the Notes, notice is hereby given that for the Interest Period from 31st March, 1992 to 30th September, 1992 the Notes will carry an Interest Rate of 4.7125 per cent. per annum. The Interest Amount payable on the Interest Payment Date which will be 30th September, 1992 is U.S. \$239.55 for each Note of U.S. \$10,000 and U.S. \$5,988.80 for each Note of U.S. \$250,000.

Morgan Guaranty Trust Company of New York
Agent Bank

Wells Fargo & Company

US\$150,000,000
Floating rate subordinated
notes due 1992

In accordance with the provisions of the notes, notice is hereby given that for the Interest Period 31 March, 1992 to 30 April, 1992 the notes will carry an interest rate of 5% per annum. Interest payable on the relevant interest payment date 30 April, 1992 will amount to US\$41.67 per US\$10,000 note.

Agent: Morgan Guaranty
Trust Company

JPMorgan

Wells Fargo & Company

US\$200,000,000
Floating rate subordinated
notes due 2000

In accordance with the provisions of the notes, notice is hereby given that for the Interest Period 31 March, 1992 to 30 June, 1992 the notes will carry an interest rate of 5 1/4% per annum. Interest payable on the relevant interest payment date 30 April, 1992 will amount to US\$43.75 per US\$10,000 note and US\$218.75 per US\$50,000 note.

Agent: Morgan Guaranty
Trust Company

JPMorgan

Wells Fargo & Company

US\$100,000,000
Subordinated floating rate
capital notes due
September 1997

In accordance with the provisions of the notes, notice is hereby given that for the Interest Period 31 March, 1992 to 30 June, 1992 the notes will carry an interest rate of 5% per annum. Interest payable on the relevant interest payment date 30 June, 1992 will amount to US\$126.39 per US\$10,000 note.

Agent: Morgan Guaranty
Trust Company

JPMorgan

Notice to the Holders of
EUROPEAN
INVESTMENT BANK
Italian Lira 150 Billion
Floating Rate Notes

Coupon No. 9 due from 31st March 1992 to 30th September 1992 will be payable from 30th September 1992 at the rate of 12 5/16% (1312943 per 100,000,000 - Nominal).
U.S. \$128.433 per 100,000,000 - Nominal.
Banco di Napoli
International S.A.
Luxembourg
Reference Agent Bank
30th March 1992

INTERNATIONAL COMPANIES AND FINANCE

Adsteam turns in loss of A\$133m

By Kevin Brown in Sydney

ADSTEAM, the Australian retailing and manufacturing group which is being restructured by its bankers, yesterday reported a consolidated net loss of A\$133m (US\$102m) for the six months to the end of December, compared with a loss of A\$12bn in the comparable period of the previous year.

The group said it was still being adversely affected by interest payments on debt acquired when the company was being run by Mr John Spalvins, the Australian entrepreneur, who left last year after being fired in December 1990.

However, the directors said the trading businesses were performing "reasonably satis-

factorily" in view of the recession, with the exception of the Metro Meat subsidiary and some property interests.

The largest loss during the period was made by David Jones, an upmarket retailing chain, which posted one of A\$57m, compared with A\$1.18bn in the comparable period of the previous year.

Adelaide Steamship, the flag-ship company, reported a net loss of A\$48m, down from A\$1.15bn. Tooth made a net loss of A\$38m compared with A\$52m; and National Consolidated reported a net loss of A\$3m.

The only bright spot was Industrial Equity (IEL), which reported a net profit of A\$27m. IEL confirmed that the dis-

posal of Woolworths, its supermarket chain, was under consideration.

Analysts say Woolworths could raise between A\$1.5bn and A\$2bn on the Australian Stock Exchange, which would make it Australia's second highest capitalised retailer.

Woolworths is the main competitor to Coles Myer, Australia's largest retailing chain. It has continued to perform strongly in spite of Adsteam's financial problems.

Woolworths made pre-tax profits of A\$211 last year, and is expected to report profits of about A\$240m this year. However, growth is expected to slow over the next few years following the completion of an investment programme.

IEL, which is jointly-owned

by three other Adsteam companies, has agreed credit lines of A\$1.45bn with a syndicate of 14 banks which replaced its previous 51 lenders.

Adsteam has already spun off a number of retailing assets in the A\$235m flotation last year of National Foods Pacific Dunlop, the diversified Australian manufacturing group, bought Petersville Sleigh, another former Adsteam company, for A\$352m.

The group reported a consolidated net loss of A\$1.57bn for the year to June 30. The banks stepped in to restructure it in late 1990 after the shares came under strong selling pressure because of concern about the group's complex cross-shareholding structure and extensive inter-company debt.

Write-downs mar Santos year

By Kevin Brown in Sydney

SANTOS, the Australian energy group, yesterday reported a net loss of A\$11m (US\$85m) for the year to the end of December after writing down the value of its Timor Sea and US activities by A\$226m.

Santos said its pre-tax operating profit of A\$233m was a record, with the exception of 1985 and 1990, when oil prices exceeded A\$40 a barrel for part of the year. Oil prices averaged A\$28 in the year to December.

The group said net profit before abnormal items was A\$114m, compared with A\$107m in the previous year. However, the result was struck after foreign exchange losses of A\$11m, compared with A\$1m in the previous year. The 1990 result also included a profit of A\$12m from the sale of UK

operations.

The write-downs, which were foreshadowed in the 1990 annual report, follow a disappointing exploration programme in the Timor Sea. Of 12 wells scheduled to be drilled during the year, eight were dry and the remainder were postponed or abandoned.

The biggest write-down was A\$154m against unsuccessful exploration expenditure in a number of permit areas which will be relinquished this year or next. A further A\$80m related to producing licences acquired with Peko Oil.

The group said it would maintain an active exploration programme in the Timor Sea. However, it plans to drill only five exploration wells and carry out 15,000 kilometres of seismic testing this year.

Santos said it would begin exploration efforts this year in

the North Sea, Cambodia and Colombia, where interests had been acquired since June 1991. Exploration would continue in the US and Malaysia, but would be reduced in the Timor Sea and the Cooper Basin in South Australia.

The US write-down of A\$40m reflects a lower valuation for the group's gas assets. The board said the group's US assets were now centred on Weeks Exploration, a growing exploration company with good growth potential.

Sales revenue fell 7.6 per cent to A\$656m from the 1990 record of A\$709m. The fall was caused by lower crude oil prices compared to 1990, when the Gulf war inflated prices and lower volumes for all products except naphtha.

The directors declared an unchanged final dividend of 10 cents per share, fully franked.

Investors in mine reject PosGold merger plan

By Kevin Brown

POSEIDON Gold (PosGold), part of Mr Robert Champion de Crespigny's Normandy Poseidon group, suffered a setback yesterday when shareholders in Mount Leyshon Gold Mines rejected plans for a merger.

Mount Leyshon, which is 49 per cent owned by PosGold, is one of two companies targeted by Mr de Crespigny for a merger which would have created Australia's third-largest gold producer.

The board said more than half the company's shareholders voted for the merger, but the majority failed to reach the 75 per cent threshold required by the company's articles of association.

Small shareholders are understood to have objected to the terms of the merger, under which PosGold offered nine of its shares, five options and A\$1.50 (US\$1.15) cash for every five Mount Leyshon shares. Shareholders in ACM Gold, the other target company, will vote on a separate merger proposal on Monday. ACM Gold is 40 per cent owned by Normandy Poseidon.

PosGold is expected to improve the terms offered to Mount Leyshon shareholders. However, analysts said the group might wait until after the ACM Gold shareholders' meeting before acting.

If the deal goes through, Normandy Poseidon will emerge with 55.2 per cent of the merged PosGold, and Anglo American, the South African mining group,

Bank Leumi slides into the red

By Hugh Carnegie in Jerusalem

BANK LEUMI, Israel's second largest bank, yesterday announced a slide into losses in 1991 as a result of provisions for the debt-ridden agricultural sector and the second year of heavy losses at its New York subsidiary.

The bank reported a net loss of Shk78m (US\$34.2m) for 1991 compared with a net profit in 1990 of Shk\$7m, confirming warnings from the Bank of Israel that a law recently passed by the Knesset legislating large write-offs for the country's Moshavim collective farms would severely damage profitability at the main banks.

Bank Leumi, with total assets at the end of 1991 of Shk\$7.5 bn, set aside a total of Shk\$394m for bad debts, of which Shk\$301m was accounted for by the strictures of the new law. It said that without the Moshavim provision the group would have shown a net profit of Shk\$17m.

Another big factor in the retreat into the red, however, were continued losses at Bank Leumi Trust Company of New York, which has been hit hard for the past two years by real estate losses. It was forced to make provisions against bad debts of \$101m in 1991.

The picture was much less gloomy at Israel Discount Bank, the country's third-largest after Bank Hapoalim, which reports today, and Leumi Only lightly exposed to agricultural debt, it announced a 24 per cent rise in net profits

to Shk\$6.5m in 1991, compared to Shk\$9.9m the year before. Return on capital of 4.7 per cent was up from 3.9 per cent in 1991. Total income was up 16 per cent at Shk\$445.7m. Total assets at the end of the year were Shk\$39.4bn, down by 4.3 per cent.

This year's bank results are of unusual interest because of the government's accelerating programme to sell off its majority shareholdings: acquired in 1983 when it stepped in to rescue the banking system from a catastrophic share collapse.

The shareholdings have not to date had commensurate control because of a preferential share structure, but a one-share, one-vote system will apply once the government holdings are sold off.

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Bolivar slide hits Interalumina

By Joseph Mann in Caracas

INTERALUMINA, Venezuela's sole producer of alumina - aluminium oxide - reported net earnings of US\$22m for 1991 on sales of \$319.2m.

In terms of Venezuelan currency, the company - owned by the Venezuelan government as majority partner and Alusuisse - had higher sales and profits figures in 1991 than the previous year.

But, due to a 23 per cent decline last year in the value of the Venezuelan bolivar against

the US dollar, Interalumina's financial performance was down slightly from 1990 in dollar terms. The net profit in 1990 was \$22.8m, while sales revenues were \$319.9m.

Interalumina recently completed a \$200m expansion that raised alumina capacity to 2m tonnes per year from 1.3m. The government is studying a new production line that would increase capacity to 3m tonnes. Interalumina last year produced around 1.5m tonnes of alumina and exported 10 per cent of the total.

Bond Corp in A\$310m deficit

BOND Corporation, the Australian investment group and former flagship of entrepreneur Mr Alan Bond, yesterday unveiled net losses of A\$310m (US\$338m) for the six months to December 31, saying the result would not hit its debt swap programme aimed at avoiding liquidation. Reuter reports from Perth.

The company, operating under a scheme of arrangement with its lenders, said the loss was mainly due to interest expense accruals of A\$106.64m, unrealised net foreign exchange losses of A\$162.6m - relating to Eurodebt and convertible bonds - and provisions of A\$46.09m on investments and receivables.

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7 1/2 per cent Nikkei-Linked Notes due 1993 (the "Notes")
Notice is hereby given that the Redemption Amount has been calculated in accordance with Condition 6(f) of the Terms and Conditions of the Notes as follows:

YEN 10,262,632 per Note

31st March, 1992 THE BANK OF TOKYO, LTD.
The Fiscal Agent, Tokyo

U.S. \$400,000,000
BankAmerica Corporation

Floating Rate Subordinated Capital Notes Due 1996
(originally issued by)
BankAmerica Overseas Finance Corporation N.V.

Interest Rate 5 1/4% per annum
Interest Payment Date 30th June 1992
Interest Amount per U.S. \$50,000 Note U.S. \$662.54
Credit Suisse First Boston Limited
Agent

Simmer and Jack Mines, Limited

(Incorporated in the Republic of South Africa)
Directors: C G Mandy (Chairman), W Ranner, W N B Inrie (British), M McCreaney, R C Roney

Interim group results

Abridged income statement for the six months ended 31 December 1991

	31 December 1991	30 June 1991
	(R'000)	(R'000)
Turnover	4 782	3 156
Operating loss	(1 966)	(1 045)
Exploration costs written off	-	2 638
Net operating loss	(1 966)	(4 683)
Net interest received	(1 966)	(4 683)
Less before taxation	(1 966)	(4 683)
Taxation	(1 966)	(4 683)
Loss after taxation	(1 966)	(4 683)
Extraordinary items	(1 966)	(4 683)
Profit (loss) after extraordinary items	(1 966)	(4 683)
(Accumulated) loss retained profit at beginning of period	(20 142)	33 066
Accumulated loss at end of period	(21 704)	(20 142)
Shares in issue ('000)	27 065	27 065
Loss per share (cents) (Time-weighted average)	(8.06)	(75.7)

Abridged consolidated balance sheet at 31 December 1991

	31 December 1991	30 June 1991
	(R'000)	(R'000)
Capital employed	39 353	39 353
Share capital and premium	14 442	12 916
Non-distributable reserves	85 051	90 389
Accumulated loss	(21 704)	(20 142)
Shareholders' interest	102 789	90 463
Long term liabilities	125	414
	102 914	90 877
Employment of capital		
Fixed assets	81 989	82 701
Current assets	14 442	12 916
Cash on call at bank and on deposit	17 888	5 938
Current liabilities	(13 793)	(13 483)
Net asset value per share (cents)	378.46	367.56

Comments
The operating loss relates principally to the losses arising from gold mining operations in the Eastern Transvaal. The hard grade at Makhoswane mine continues to affect results negatively. Investigations into improving the mill grade at Makhoswane are continuing and, if not successful, may necessitate the temporary closure of Makhoswane mine. The extraordinary items consist of profits on the disposal of investments and losses on disposals.

An announcement to shareholders on 27 February 1992, the Group has entered into an agreement with Knight Gold Mining Co. Limited for the disposal to Knight Gold of certain subsidiary companies, which own all the Group's property and mining rights in the Transvaal area.

Full details of the proposal in this regard will be mailed to shareholders within the next week.

By order of the board
C G Mandy (Chairman)
W N B Inrie (Director)
27 March 1992

Registered office
8th Floor, Southern Life Gardens
3 Green Lane
Sandton, 2196
South Africa

Transfer secretaries
Bancory Registrars Limited
8 Grosvenor Place
London, SW1 1PL
United Kingdom

Pratt & Whitney

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FINANCIAL TIMES TUESDAY MARCH 31 1992

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merger

IS THE WORLD STANDING STILL?

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COMPANY NEWS: UK

Inchcape beats rights issue forecast with 6% improvement to £185.2m

By Jane Fuller

INCHCAPE, the motor and business services group, increased pre-tax profits by just over 6 per cent to £185.2m in 1991 in spite of tough conditions in several of its vehicle markets.

The profit figure was about 55m ahead of the forecast made with the 1-for-3 rights issue in December. That raised £376m to buy Tozer Kemsley Mill-bourne, the motors and retailing concern, from Brierley Investments of New Zealand.

With the TKM deal not completed until this month, it made no contribution to the 1991 figures.

These included a 10 per cent advance in turnover to £236.4m and a 9.6 per cent increase in earnings per share to 28.5p (28p), after a reduced minority charge.

Mr Charles Mackay, chief executive, was confident of further progress this year, even though he saw no economic recovery in the UK until 1993. Domestic sales only accounted for 30 per cent of the group total.

Pre-interest profits of £192.1m (£193.4m) were affected by a £17m fall in property profits and reduced contributions following the sale of a stake in

the Assam tea business. The tea disposal helped to reduce interest costs by £12.5m to £6.9m. Net debt stood at £96m at the year-end, giving gearing of 18 per cent.

Motors, including the Mann Egerton dealerships and Toyota distribution, accounted for almost 60 per cent of sales, while operating profit inched ahead to £112.1m (£110.5m).

Toyota (GB) increased its market share from 2.1 to 3.6 per cent. During 1993, the first year of production at the Burnaston factory in Derbyshire, Toyota will increase its stake in the UK distribution business from 5 to 25 per cent.

Mr Mackay said that last year 150,000 of the 220,000 vehicles sold by the group were Toyotas. TKM would add about 150,000 non-Toyota sales.

The strongest performance came from the services side, including Bain Clarkson in insurance, shipping and environmental testing. Divisional profit grew by 51 per cent to £42.1m.

Marketing contributed £57.2m, up from £52.7m, with the best progress in Japan, Hong Kong and China. A proposed final dividend of 7.5p makes a total of 12.5p, up from 11.8p.

See Lex



Charles Mackay: confident of further progress this year

Cornhill incurs £39.5m loss

A SHARP rise in underwriting losses at Cornhill Insurance pushed the company into the red last year, writes Richard Lapper.

Cornhill, the UK subsidiary of Allianz, Europe's biggest insurer, reported a loss before tax of £39.5m in 1991, compared with a profit of £30.5m in the previous year.

Nearly half the loss was incurred by the Legal Protection subsidiary which reported an insurance loss of £17.9m after increasing premium income by 4 per cent to £9.4m.

Overall premiums from general insurance increased by 18 per cent to £596.2m (£504.4m) but underwriting losses rose to £102.1m (£39.5m). With investment marginally lower at £65.5m (£66.1m) the company reported a general insurance loss of £37.5m (compared with a profit of £36.4m). Life profits were slightly lower at £3.9m (£4m). Associated under-takings produced a loss of £5.5m (profit of £900,000).

The group's solvency margin was down to 39.2 per cent.

Cornhill sought to increase its share of general insurance business - currently about 3 per cent - by increasing premium income from motor and personal insurance by 24 per cent to £224.7m.

'Miraculous' restructuring of Brent Walker is finalised

By Maggie Urry

THE £1.65bn financial restructuring of Brent Walker was finalised a little after 5pm yesterday when the last of several hundred documents arrived safely at the offices of Hill Samuel, the leisure group's merchant bank.

Lord Kindersley, Brent Walker chairman, said that the restructuring was "little short of miraculous against the background of the deepest and longest recession of post-war history". He said the company would now work to re-establish some value for shareholders, although he warned that this would take a long time to achieve.

Mr Richard Heley, head of corporate finance at Hill Samuel, said it was "outstanding that the patience of the banks has held together in view of the enormous complexity involved in putting the rescue in place".

The rescue is the largest in UK corporate history and fees involved are expected to total nearly £50m.

It became necessary because Brent Walker's borrowings had far outstripped its ability to service them. Its troubles became apparent in the

autumn of 1990 and a standstill agreement was reached with its banks in November, with a view to a full restructuring following. Talks on that got under way in February 1991 but have taken until now to complete.

Today sees the start of trading in new shares being issued as part of the restructuring. The banks are converting £250m of the group's loans into equity, and bond and preference shareholders are also receiving new shares. The old shares fell 2p to 8½p yesterday.

In supplementary listing particulars for the share issue, posted over the weekend, Brent Walker details the claims made against the company by Mr George Walker, its former chairman and chief executive, who was ousted last May.

He has claimed £10.3m in compensation for the loss of office, while Mrs Jean Walker, his wife and another former director, has claimed £396,000 and Mr Jason Walker, their son, has claimed £222,000.

In addition Mr Walker has claimed that Brent Walker agreed to indemnify him if he was required to meet an indemnity he had given to Lon-

rho, the international trading group, which had bought £5m of a £101.5m convertible bond issue. Mr Walker had promised Lonrho that it could sell the bonds back to him. Brent Walker said it was investigating the claim and "has sought clarification from Mr Walker".

The document also shows that the £350m William Hill loan has had its maturity shortened from December 13 1994 to March 1 1994. This will give lenders a chance to assess the 1993 results and then see if they want to refinance the loan.

The group has also found a way round the problem of a £50m payment due to Grand Metropolitan, the leisure group, which is the final instalment of the £685m purchase price of William Hill. Grand-Met, which was an unsecured creditor, has been given a position in the ranking hierarchy. Of the total, £20m is ranked near the top of the cascade, with accrued interest lower down and the remaining £30m near the bottom.

Brent Walker now hopes to re-start negotiations with GrandMet over its claim for a refund of part of the purchase price of William Hill.

Wilson (Connolly) off 13% despite rise in house sales

By Jane Fuller

WILSON (Connolly) Holdings, the Northampton-based builder, sold more houses last year than in the booming late 1980s.

But its pre-tax profit fell 13 per cent from £31.1m to £27.1m, half the 1989 figure.

Group turnover inched ahead to £198m (£196m) in spite of falls in the construction and property divisions.

Mr Ian Black, managing director, said a record 2,750 houses had been sold, 400 more than in 1990 and nearly 1,000 more than in 1989. But the average price had come down to £54,400, from £59,500 in 1990

and £64,500 the previous year. He warned that prices could fall further this year.

Two thirds of the 16 per cent decline in average prices was caused by deflation, the rest from the greater emphasis on one and two-bedroomed homes.

Small houses accounted for 65 per cent of sales last year, "whereas the normal level would be 45 to 50 per cent".

This year the group had seen some welcome signs after a "diabolical" fourth quarter.

Customer interest had picked up in the first two months and the ratio of house prices to earnings was in better balance.

Wilson Homes had spent

nearly £30m buying land last year after virtual inactivity in 1990.

"I would be disappointed if we did not spend £30m again this year because it would mean a lack of opportunity," said Mr Black.

In spite of this increased out-going, net debt had only risen to £25m, giving year-end gearing of 13 per cent compared with 7 per cent. Off-balance-sheet debt was £4m.

Construction profits fell to £3.03m (£4.43m) on reduced turnover of £36.2m (£48.1m). The squeeze on margins was expected to get tighter.

Property made just £390,000 profit, down from £5.6m. It

would continue to be a struggle to break even, he said, although £15m cash had been released.

Earnings per share fell to 10.2p (11.3p).

An increased final dividend of 2.66p makes a total of 3.59p (3.74p).

COMMENT

Housing analysts seem to be going into a decline ahead of the general election. One said the average income of a new house-buyer was £22,000, just the level at which Labour's national insurance extension would start to bite. This is fueling fears that house prices could fall further, just when

land bought at higher prices is feeding through. Hence the erosion of margins. Wilson's 17 per cent last year, which included a couple of respectable quarters, looks vulnerable to a further squeeze.

Pre-tax profit is forecast to fall below £25m this year, giving a prospective p/e of just over 19 times. It remains one of the safe players, with a strong balance sheet and long land bank, making a case for holding the shares. But the price is unlikely to make progress until the political dust has settled, and the multiple is high enough to carry risk of a further downturn along with the sector.

By Richard Gourlay

PETROCON's hostile bid for fellow engineering company James Wilkes hung in the balance last night, more than seven hours after the £30m bid closed.

In a highly unusual finale to a bid marked by unifying claims by both sides about each other's inability to manage, the Takeover Panel was last night locked in a huddle considering the bid.

Petrocon and Robert Fleming, its advisers, appear to have complained to the Panel that Wilkes and NM Rothschilds, its advisers, had passed

additional information to two shareholders who had previously backed Petrocon's bid in an unusual public letter.

Rothschilds and Wilkes have denied the charges. Petrocon and Fleming refused to comment.

Fleming, however, appears to have been allowed by the Panel to delay announcing the result of the bid by 5pm yesterday.

One institutional shareholder, Baring Brothers, which had signed the letter of support for Petrocon was understood to have reversed its decision and decided to stick with the Wilkes management.

Another of the institutional signatories, Edinburgh Fund Managers, appeared last night to remain supporting Wilkes, a decision that should allow the Midlands-based group to maintain its independence.

The institutions appear to have changed their views of Wilkes once Mr Stephen Hinchliffe stepped down as chairman in February.

Mr Hinchliffe had presided over a company where head office costs had mushroomed and included a helicopter company for the use of senior executives, even though the company made profits of only £1.9m last year.

This announcement appears as a matter of record only.



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March 1992

The Swire Group

Swire Pacific Limited

1991 FINAL RESULTS

Audited Consolidated Results. The profit attributable to shareholders for the year ended 31st December 1991 was US\$394.8 million, as compared with US\$314.1 million for the previous year. This represents an increase of 25.7%.

	1991 US\$M	1990 US\$M
Turnover	4,310.1	3,996.7
Operating profit	746.4	630.5
Net finance charges	70.4	48.8
Net operating profit	676.0	581.7
Associated companies	48.2	31.2
Profit before taxation and minorities	724.2	612.9
Taxation	101.2	88.5
Minority interests	228.2	210.3
Profit attributable to shareholders	394.8	314.1
	US\$	US\$
Earnings per share:		
'A' shares	24.9	19.8
'B' shares	5.0	4.0
	US\$	US\$
Dividends per share:		
'A' shares - interim	2.9	2.9
- final, recommended	8.5	7.3
	11.4	10.2
'B' shares - interim	0.6	0.6
- final, recommended	1.7	1.5
	2.3	2.1
	US\$	US\$
Net assets per share:		
'A' shares	2.81	2.30
'B' shares	0.56	0.46

Exchange rate used: US\$1=HK\$7.80

Divisional Results. Cathay Pacific Airways' 1991 results were 1.5% lower than those of the previous year, with a revenue loss factor for the year of 71.0% compared with 74.3% for 1990. Set against the background of the Gulf War and continuing world-wide recession this should be considered a satisfactory outcome. Hong Kong Aircraft Engineering Company had a good year, with an increase in profits of 10.8%, despite inflationary pressures. Swire Properties' 1991 profits were higher than those of the previous year reflecting increased rental income from its portfolio of investment properties. The Offshore Oil and Shipping Services Division once again recorded good growth in profitability from its Hong Kong operations, whilst

improved market conditions resulted in reduced losses from offshore activities. The Industries Division's operating profits showed substantial growth over 1990 though Swire Magnetics continues to record losses during the rationalisation of its operations. The disposal of Swire Bottlers' former plant in Quarry Bay at a good profit further improved results. Both the Trading Division and the Insurance Division reported higher profits in 1991, reflecting improved market conditions.

Financing. Consolidated net borrowings at the end of 1991, including the indirect borrowings represented by finance leasing obligations, amounted to US\$1,363.5 million, compared with US\$1,361.7 million at the end of 1990. In addition, market auction preferred shares with a value of US\$300 million were issued during 1991 by a subsidiary company, enabling certain borrowings to be repaid, and were outstanding at the end of 1991. The increase in overall amounts due for net borrowings and market auction preferred shares reflects a high level of capital expenditure during the year.

Final Dividends. Final dividends to be recommended at the Annual General Meeting on 28th May 1992 amount to US\$8.5 per 'A' share and US\$1.7 per 'B' share, an increase of 15.8% over the final dividends for 1990. Share registers will be closed from 18th May 1992 to 22nd May 1992, both dates inclusive, and dividends will be payable on 4th June 1992 to shareholders registered on 22nd May 1992.

Investment Properties and Net Asset Value. The annual valuation at open market value of the Group's investment properties, both completed and under development, was carried out at 31st December 1991 by Jones Lang Wootton. The 1991 valuation, at US\$3,876.2 million, has resulted in an increase of US\$625.0 million in the valuation reserves of the Group. Taking into account both the retained earnings in 1991 and the increase in the valuation of investment properties, the net asset value of the Swire Pacific Group at 31st December 1991 was US\$4,468.0 million.

Prospects. The current year has started well for both the Aviation and Property Divisions. Demand for air travel continues the recovery seen in the second half of 1991 and Cathay Pacific Airways expects, in the absence of adverse economic and currency factors, to record improved profits in the year ahead. Swire Properties' investment property portfolio will increase with the completion of Cityplaza 3 and 4, and a continued growth in rental income is expected. Companies within the other divisions are well placed to benefit from improved markets for their respective activities. Overall the prospects for the Swire Pacific Group are encouraging.

The Annual Report for 1991 will be sent to shareholders on 4th May 1992.

D A Gledhill
Chairman
Hong Kong, 26th March 1992

Swire Pacific Limited

COMPANY NEWS: UK

Strong second half offsets shortfall in first six months
MB-Caradon improves to £106m

By Maggie Urry

A STRONG second half performance helped MB-Caradon, the building products, security printing and packaging group, report a 4.6 per cent rise in pre-tax profits to £106.4m for 1991.

The result was better than the market had expected and the shares rose 9p to 256p.

There was no change at the earnings level, though, with a fully diluted figure of 15p. The dividend for the year is held at 8.5p with a recommended maintained final of 5.75p.

At the half way stage pre-tax profits were down from £58.4m to £47.2m. Mr Peter Jansen, chief executive, said that so far in 1992 the profitability of the group's managed businesses - building products and security printing - were showing "a significant increase".

Group turnover in 1991 was 2.4 per cent lower at £679.2m but operating profits from the managed businesses rose 4.7

per cent to £93.7m. The group's 25.1 per cent stake in CMB Packaging, the large European company, contributed £31.8m to trading profits, the same as in 1990.

Mr Jansen said the UK building products business had seen a 12 per cent volume fall, but had decided to hold prices and cut costs to improve efficiency. There was a 13 per cent reduction in employees to 900. Operating profits fell 9.1 per cent to £48m.

By contrast European profits rose 43 per cent to £13.9m, with margins up from 9.6 to 12 per cent. Volumes rose by 14 per cent and prices added another 3 per cent. Mr Jansen said the German market was still strong, though there were signs of weakening in other areas.

In the US the security printing business began to see the benefits of the merger between Clarke and ABS, acquired in 1988, in the second half after suffering a 17 per cent profit

fall in the first half. For the year operating profits were up 17 per cent to £31.8m and margins rose from 16.5 to 20.1 per cent. The small UK cheque printing company made a loss.

New management at CMB had changed the focus of the business, Mr Jansen said. However, the stake which is in MB-Caradon's balance sheet at £23.8m contributed only £7.3m (£5.7m) to dividend.

The interest charge rose slightly to £20m (£19.6m) although the £149m rights issue money received in November saved £2.7m. An exceptional credit of £300,000 was the balance of a £8.5m insurance claim and an £8m loss on the sale of the group's loss-making Austrian boiler business.

The cash flow statement showed a £3.2m inflow even before the rights proceeds. There were also £10m (£18m) of reorganisation costs which were set against provisions made at the time of the MB-

Caradon merger. At the year end the balance sheet had net debt of £40.6m (£20.2m) and shareholders' funds were £483.2m (£299.7m).

● COMMENT

MB-Caradon's performance to date is hard to fault in broad terms. And there is every reason to expect continued organic growth and greater efficiency. So there is the luxury of looking at the longer term strategy. MB-Caradon's enviable problem is that its substantial investments in non-core businesses - the CMB stake and the US security printing company - are sufficiently interesting to make it a risk to sell and reinvest. But in the end MB-Caradon must use its undoubted financial strength to expand the core building products business. Meanwhile, on forecasts of £135m pre-tax the prospective profit of £15.2 shows the market's faith in the group's ability not to disappoint.

Lonrho's brokers consider resigning

By Roland Rudd

LONRHO'S JOINT brokers Phillips & Drew Securities are considering resigning in protest at the international trading group's lack of consultation over its big deals.

The brokers, the main market makers in Lonrho shares, were particularly irritated by the group's failure to notify it of its decision to sell a third of its holding in Metropole Hotels to the Libyans.

This lack of dialogue has made it difficult for Phillips & Drew to act for Lonrho in dealing with the group's institutional shareholders, many of which criticised the Libyan deal.

The decision to contemplate resigning the account was not taken simply because Lonrho is in trouble.

Société Générale Strass Turnball, Lonrho's other joint broker, is to continue to act for the company.

Lonrho has had talks with representatives from its second-biggest shareholder, the US-based Fidelity Management and Research, after FMR said it might disinvest from the company if the United Nations imposes economic sanctions against Libya.

Lonrho is confident that Fidelity will not sell its shareholding, even if sanctions are declared. However, although the Department of Trade and Industry has confirmed UN

sanctions would not affect businesses dealing with or investing in Libya, Fidelity's concern stems from the US ban on Americans dealing with Libyan institutions.

The US Treasury's Office of Foreign Control, which enforces the ban, yesterday confirmed that it is still considering whether the Metropole hotel chain should be included on the list of proscribed Libyan businesses.

Lonrho yesterday issued a statement to the Stock Exchange confirming that Fidelity owns 64.4m shares or 9.5 per cent of the share capital.

The group's three divisions - corporate and asset financ-

ing, and professional services - had all returned profits. However, losses in the building surveying arm held back growth in professional services where profits rose from £2.5m to £3.3m.

Mr Michael Langdon, chairman, said costs in building surveying had been cut and the division was now breaking even. Loss adjusting, meanwhile, enjoyed increased turnover and the division had been expanded with three new offices.

Asset financing, most of which is the company's vehicle

New Hickson chief executive as strategy pays dividends

By Richard Gourlay

HICKSON International yesterday showed signs that its concentration on core chemicals manufacturing was paying dividends despite reporting profits down 14 per cent.

After years of unfocused acquisitions, the Yorkshire-based chemicals group produced pre-tax profits for 1991 down £2m to £22.7m on sales down 10 per cent to £367.4m.

Earnings per share fell to 12.64p (16.42p) after last year's £70m rights issue and the sale of businesses. A proposed 5.15p final gives a maintained total payment for the year of 8p.

In the latest revolving door change, Mr Ken Schofield is stepping down as chief executive in May, after serving only 15 months in the position. An entrepreneur who sold his business to Hickson, he said he had completed the task of turning round the company and had never wanted to stay longer than necessary.

He retains a 3 per cent stake in the company and is not

being replaced directly. Mr Dennis Kerrison, who joined last year from Rhone-Poulenc, is to become chief operating officer for the group.

The group made a £2.44m exceptional charge that included an £11.7m gain on the sale of William Blythe. This was offset by a £6.56m provision to cover a potential £5m litigation relating to the supply of fire retardant chemicals in the US and a potential £1.1m cost for environmental clean-up costs in the Netherlands.

Below the line, the group for the first time took a £12.7m extraordinary charge covering goodwill previously set against reserves as a way of showing how much goodwill has been lost on the sale of a business since acquisition. There were also £6.51m provisions against losses on the disposal of the Merchant Distributors division. Extraordinary items totalled £24.8m.

On the operating side, profits rose in the fine and applied chemicals divisions but performance chemicals, the largest

division, suffered an 11 per cent fall following a poor first half in surface coatings. All divisions showed strong recovery in the second half.

● COMMENT

This year's accounts demonstrate just how dreadfully Hickson acquired businesses over the last eight years, only to have to sell them off at the bottom of the cycle. This unhappy spending binge is largely, if expensively, behind them, thanks to the efforts the new management team. Problems may remain in the applied chemicals division, which is to be split into two. But the company - which should be viewed as a growth stock starting from a smaller base rather than a recovery play - is heading in the right direction again. This year it will be helped by lower interest costs and a degree of cyclical recovery. But pre-tax profits of £25m, giving earnings of 14p and a prospective multiple of 13, suggests the group is fully valued.

Non-discounting Alexon down to £11.3m

By Peggy Hollinger

ALEXON GROUP, the specialist fashion retailer, suffered its first fall in profits since 1985, as it refused to join the legions of discounters in a high-street price war. It demerged from Claremont Garments, the Marks and Spencer

supplier, in July last year.

Pre-tax profits fell from £12.8m to £11.3m for the year to January 25. However, the previous year's figures comprise just 43 weeks to January 25 1991, as Alexon changed its year-end to fall into line with the retailing sector. The effort to hold margins

and the dearth of business in the high street resulted in an 8 per cent like-for-like drop in sales. Operating profits, cushioned by a £400,000 gain on a pension charge reduction, dropped by 18 per cent to £12.6m on an annualised basis.

Mr Lawrence Snyder, chairman, said Alexon was serving the long-term interests of its three brands - Alexon, Eastex and Dash - by refusing to join the discounters. However, the drop in sales as buyers went for bargains had depressed operating margins from 12 to 11 per cent. Gross margins remained unchanged.

Mr Snyder said it was unlikely the company could increase margins through more cost-cutting. "The opportunity is not there," he said. "We need sales growth this year to increase profits."

Alexon took a £6.32m extraordinary charge, largely due to ending Dash Junior, the ill-starred foray into the children's leisurewear market.

Of the three brands, only Eastex, the relaunched clothing range aimed at the shorter, older woman, had increased

sales and profits. It was trading well following its move towards the younger - aged 50 - target consumer.

Alexon, the classic womenswear range, suffered its first decline since 1983, said Mr Snyder. Turnover in Alexon, which caters to the working woman aged 20-plus, fell by 10 per cent and profits slightly more. Of the three brands, margin defence was most important to this upmarket range, Mr Snyder said.

Finally, Dash, the men's and women's leisurewear brand, also reported a decline. Mr Snyder said Alexon planned to increase the range of clothing, including a new collection by Ms Rosemary Conley, author of *Hip and Thigh Diet*.

During the year, the company increased floor space by 4 per cent. Capital expenditure of £4m would remain about the same this year.

Fully diluted earnings per share, including the 21.3m exceptional gain in 1990/91, fell from 31.24p to 22.11p, on an annualised basis. The final dividend was 7.6p, making a total of 10.6p.

DIVIDENDS ANNOUNCED					
	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Alexon	7.8	Jul 1	-	10.6	8.78
Boxmore Int'l	4.8	May 21	4.4	6.95	6.4
Computer People	3.3	Jul 1	4.1	5.4	6.2
EFM	8	May 13	7.5	13	12
EFM Income Tax	1.22	May 15	-	-	-
Hickson Int'l	5.15	Jun 5	5.15	8	8
Inchcape	7.51	Jul 2	7	12.5	11.8
Intehatch	5.54	Jul 31	5	5.5	5
London & Sharn	2.15	Jun 10	1.5	-	5.75
Lucas Industries	2.15	Jun 10	2.1	7	7
MB-Caradon	5.75	Jun 8	5.75	8.5	8.5
Pearson	12.54	Jun 5	12.5	23.25	23.25
Rutland Trust	0.53	May 29	0.53	0.8	0.8
TR Far East	1.13	Jul 1	-	4.2	4.2
Wilson Connolly	2.58	Jul 1	2.53	3.93	3.74

Dividends shown pence per share net except where otherwise stated. On capital increased by rights and/or acquisition issues. US\$M stock. British pence. *For terms for 10 months. *Scrip option. *Second interim making 2.2p to date. *Third interim making 3.5p to date.

BARCLAYS INVESTMENT FUNDS (LUXEMBOURG)

The terms of the Prospectus indicate that an increase in the annual management fee may occur upon the giving of three months' notice to shareholders and we are accordingly taking this opportunity to advise a proposed increase to 1% in the management fee on the five equity funds - the European Equity, International Equity, North American Equity, Pacific Equity and UK Equity Funds. Notification is deemed to take effect from 31st March 1992 and the increased fee will be levied as from 1 July 1992.

BARCLAYS

NOTICE TO THE WARRANTHOLDERS OF JAPAN RADIO CO., LTD.
(the "Company")
U.S. \$100,000,000

4½ per cent. Notes due 1995 with Warrants (the "Warrants")

Pursuant to Clause 4 of the Instrument dated 26th February, 1991 under which the Warrants were issued, notice is hereby given as follows:

- As a result of the issuance of U.S. \$100,000,000 3 per cent. Notes due 1996 with Warrants on 26th March, 1992 by the Company, the Subscription Price of the Warrants has been adjusted as follows:
 - Subscription Price before adjustment: Yen 2,501 per share
 - Subscription Price after adjustment: Yen 2,498.60 per share
 - Effective Date of the adjustment: 27th March, 1992
- The Board of Directors of the Company resolved on 3rd March, 1992 to make a stock split of one share into 1.1 shares to shareholders of record as at 31st March, 1992 Tokyo Time. Accordingly, the Subscription Price of the Warrants will further be adjusted as follows:
 - Subscription Price before adjustment: Yen 2,498.60 per share
 - Subscription Price after adjustment: Yen 2,271.50 per share
 - Effective Date of the adjustment: 1st April, 1992

JAPAN RADIO CO., LTD.
By: The Mitsubishi Bank, Limited
as Principal Paying Agent for the Warrants

31st March, 1992

Issue of up to U.S. \$360,000,000 Elders DL Treasury (Australia) Limited

Subordinated Guaranteed Floating Rate Notes due 1995

Guaranteed as to Principal and Interest by Elders DL Limited

For the interest period March 31, 1992 to September 30, 1992 the Notes will carry an interest rate of 5.375% per annum. The interest payable on the relevant interest payment date, September 30, 1992 will be U.S. \$2,733.88 per U.S. \$100,000 Nominal Amount.

By: The Chase Manhattan Bank, N.A. London, Agent Bank
March 31, 1992

THE UNITED MEXICAN STATES

US\$2,556,093,000 Collateralized floating rate bond due 2008

In accordance with the terms and conditions of the bonds, the rate of interest for the interest period 31 March, 1992 to 30 September, 1992 has been fixed at 6.303125% per annum. The interest payable on 30 September, 1992 will be US\$7,883.14 on each US\$250,000 principal amount of the bonds.

Agent: Morgan Guaranty Trust Company
JPMorgan

Nationwide Building Society

£150,000,000 Floating Rate Notes 1996
(formerly Anglia Building Society)

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the three months period 27th March, 1992 to 29th June, 1992 has been fixed at 10.955 per cent. per annum. Coupon No. 23 will therefore be payable on 29th June, 1992 at £2,813.58 per coupon from Notes of £100,000 nominal and £140.68 per coupon from Notes of £5,000 nominal.

S.G. Warburg & Co. Ltd.
Agent Bank

Nationwide

BANK FÜR ARBEIT UND WIRTSCHAFT A.G.
(Incorporated with limited liability in Austria)

U.S. \$100,000,000 Subordinated Floating Rate Notes due 2000

In accordance with the terms and conditions of the above-mentioned Notes notice is hereby given that the Rate of Interest has been fixed at 5.25% per annum and that the interest payable on the relevant Interest Payment Date, September 30, 1992 against Coupon No. 15 in respect of U.S. \$10,000 nominal of the Notes will be U.S. \$268.33.

March 30, 1992, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK

U.S. \$200,000,000 CONTINENTAL ILLINOIS OVERSEAS FINANCE CORPORATION N.V.
(Incorporated with limited liability in the Netherlands Antilles)

GUARANTEED FLOATING RATE SUBORDINATED NOTES DUE 1994

Guaranteed on a Subordinated basis by Continental Illinois Corporation
(Incorporated with limited liability in Delaware, USA)

In accordance with the provisions of the Notes and the Reference Agency Agreement between Continental Illinois Overseas Finance Corporation N.V. and Citibank, N.A., dated June 24, 1982, notice is hereby given that the Rate of Interest has been fixed at 5.25% p.a. and that the interest payable on the relevant Interest Payment Date June 30, 1992 against Coupon No. 40 will be U.S. \$132.71 in respect of U.S. \$10,000 nominal amount of the Notes.

March 31, 1992, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK

W&A INVESTMENT CORPORATION

INCOME STATEMENT

	1991 R'000	1990 R'000
Turnover*	3,227,630	3,036,527
Operating profit	335,479	316,690
Net interest paid	191,783	117,025
Profit before taxation	143,696	199,665
Taxation	3,603	20,614
Profit after taxation	140,093	179,051
Attributable share of retained profit of associated companies	1,012	9,427
Profit after taxation	141,105	188,478
Outside shareholders' interest and preference dividends	52,134	74,459
Profit attributable to ordinary shareholders and holders of compulsorily convertible debentures	128,971	114,019
Extraordinary items	(9,341)	(30,061)
Weighted number of permanent equity instruments in issue, diluted (000)	163,877	119,458
Earnings per share before extraordinary items, diluted (cents)	79	95
Dividends per ordinary share (cents)	42.0	42.0
- Interim	15.5	15.5
- Final	26.5	26.5

*Sales figures are not comparable following the sale on 1 July 1991, of a 50% interest in the debtors' bank of JD Group in JD Sales (Pty) Limited ("JD Sales"), a consumer finance company owned by a consortium of banks. Sales that date, turnover of JD Group consists of cash sales and the cost of merchandise sold to JD Sales.

AUDITED GROUP RESULTS FOR THE YEAR ENDED 31 DECEMBER 1991

ABBREVED BALANCE SHEET

	1991 R'000	1990 R'000
Ordinary shareholders' interest	717,040	750,163
Compulsorily convertible debentures	215,389	215,389
Preference share capital	300	300
Outside shareholders' interest	384,383	347,902
Permanent capital	1,317,112	1,323,754
Long-term liabilities	867,722	942,400
Deferred taxation	6,973	16,276
	2,191,805	2,282,030
Fixed and other non-current assets	1,682,256	1,445,215
Current assets	1,397,082	1,046,028
Total assets	3,079,338	2,491,243
Current liabilities	887,515	809,215
	2,191,805	2,282,030

Number of permanent equity instruments in issue (000)

	1991	1990
Net asset value per share, diluted (cents)	569.0	595.3

Ratios:

	1991	1990
Gearing (excluding plant revaluation)	58.1%	67.4%
Gearing (including plant revaluation)	42.4%	42.8%
Current ratio	1.6:1	2.0:1

The balance sheet excludes an independent valuation of plant and equipment on an existing use basis, which valuation discloses an excess of R89,000 over book value.

COMMENTS ON RESULTS

- It is pleasing to report that profit attributable to ordinary shareholders improved in the 12 months ended 31 December 1991 by 14% to R128,971. Operating profit improved by 5.9% to R335,479. This was achieved despite the difficult environment both locally and internationally. As a result of the 37% increase in the weighted number of permanent equity instruments in issue, earnings per share on a fully diluted basis declined by 17% to 79 cents.
- The dynamic changes which commenced with the restructuring of the group in 1989 are continuing in 1991:
 - Certain non-strategic properties have been sold.
 - The majority of the shares in Elecentre have been realised.
 - The JD Group debtors book has sold without recourse.
 - The sale of the hosiery division was concluded.
 - R17m was invested in off-shore acquisitions and funded from overseas sources.
- These actions were in terms of our stated goals of -
 - bringing greater focus to the group
 - investing in the growth of existing businesses
 - reducing domestic borrowing, and
 - globalisation
- The sale of the hosiery division referred to in the accompanying notice is reflected in the accounts as at 31 December 1991. Had the transaction been in place for the whole year, earnings per share would have increased by a cent to 88 cents per share.
- In addition to fixed and other non-current assets are redeemable preference shares of R211m in JD Sales. Because of the nature of this investment, this amount has been deducted from the amount of long-term liabilities of R887m in calculating the 1991 gearing ratio.
- The disposal of non-strategic assets only took place late in the financial year. The beneficial impact on interest paid will only be felt in the new year.

PROSPECTS

If the attempts at economic stimulation by the various governments in our major markets are successful, and if there are favourable political developments in South Africa, the group will be well positioned to take advantage of any resultant upturn.

In the interim, however, we continue to strengthen management at all levels, improve operating efficiencies, enter new markets, increase our share in existing markets and add new products. All this is being done within the framework of improved asset management and a further strengthening of the balance sheet.

DECLARATION OF DIVIDEND

Notice is hereby given that a final dividend of 26.5 South African cents per share has been declared in respect of the year ended 31 December 1991, payable on or about Wednesday, 13 May 1992 to shareholders registered at the close of business on Friday, 24 April 1992. Non-resident shareholders tax will be deducted where applicable.

Jeff Lieberman
Chairman and chief executive

Neville Cohen
Financial director

Johannesburg
30 March 1992

W&A Investment Corporation Limited, Registration number 52/01225-06
Directors: J M Lieberman (chairman and chief executive), T W Roffe (deputy chairman), H R van der Merwe (deputy chairman), N Cohen (financial director), H Nowitz (divisional chairman), A M Schlesinger (divisional chairman), J D Sussman (divisional chairman), A J Aaron, M Gutkin, B E Lieberman, R G Nicholson, S Sloan, C W Tutton, S Weintraub

LONDON STOCK EXCHANGE

Sterling and gilts override poll fears

by Steve Thompson

THE THREAT of a steep opinion poll-driven slide in London's equity market proved more than a gentle early morning mark-down and was followed by a confident rally which lifted share prices with widespread albeit modest gains yesterday.

Backing up the overall stability in London was a relatively steady performance by sterling. Gilt-edged stocks delivered the best performance of the day and posted rises of a half-point and sometimes more at the long end.

The general election obviously remained the big story in the market but, after the initial mark-down, which was accompanied by pockets of small selling pressure, failed to trigger any substantial swings in sentiment as the day progressed.

Helping the equity market shrug off the poll worries was a surprisingly strong showing by the Footsie future which traded at a premium or parity to the cash market throughout the session ahead of today's expiry of the March contract.

There was determined buying of the future, which was said to have sustained the primary market. One of the big integrated houses was said to have played a big part in keeping the future at a premium. The traded options market, on the other hand, was subdued.

Share prices began the day on the retreat, with traders wary of the market's reaction to the weekend polls and continuing unease over the debt burdens being carried by the Olympia & York property development group and Heron Corporation, among the UK's second-biggest privately-owned companies.

Very little selling ensued, however, and marketmakers quickly altered tact, hoisting prices to accommodate small institutional buying orders.

Wall Street gave no real cause for concern, opening marginally higher and maintaining a positive stance during London trading hours.

Down just over 11 points within minutes of the official opening of business, the Footsie gradually crept up to end the day a net 5 points higher at 2,453.9, having reached a session peak of 2,453.5.

Official statistics revealed how thin the day's business had been, however. Turnover was recorded as 394.8m shares, substantially down on Friday 500m-plus figure. Seasoned traders see little hope of any big expansion in genuine company business ahead of the election; "Volumes are dreadful and still shrinking and you can't blame the institutions,"

Account Dealing Dates			
First Dealing	Mar 23	Apr 6	Apr 27
Open Dealing	Mar 23	Apr 6	Apr 27
Last Dealing	Mar 23	Apr 6	Apr 27
Account Day	Mar 23	Apr 6	Apr 27

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they can't get big sizes done with the marketmakers keeping their heads down," said one.

Among the big movers in the market, Midland Bank was prominent on the upside as more commentators took the view that a price of 400p-plus would be needed to ensure control of the bank. Barclays shares fell as analysts pondered the bank's exposure to the troubled Heron group.

The big overseas-earning groups were among the Footsie's best performers, notably RTZ, the world's biggest mining group, ICI and Inco.

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FINANCIAL TIMES STOCK INDICES

	Time Series										1991/92		Since Completion	
	Mar 30	Mar 27	Mar 26	Mar 25	Mar 24	Mar 23	Mar 22	Mar 21	Mar 20	Mar 19	High	Low	High	Low
Government Secs	55.74	55.63	55.63	55.14	55.02	55.35	55.53	55.72	(2/7/92)	52.17	51.73	52.40	49.19	
											(2/1/91)	(3/1/90)	(3/1/79)	
Fixed Interest	93.72	93.75	93.90	93.35	93.15	94.70	101.56	92.50	105.40	50.53				
											(1/1/92)	(1/1/91)	(2/1/75)	
Ordinary Share ^a	1916.1	1914.9	1928.3	1929.9	1926.2	1947.0	2198.3	1906.3	2180.3	49.4				
											(2/9/91)	(2/9/90)	(2/9/49)	
Gold Mines	120.2	118.8	120.8	121.1	121.8	137.4	222.8	216.8	294.7	43.5				
											(11/7/91)	(13/9/92)	(13/5/71)	
FT-SE 100 Share	2452.9	2447.9	2472.2	2464.9	2458.7	2519.1	2576.6	2054.8	2576.6	98.9				
											(2/9/91)	(16/1/91)	(2/9/49)	
FT-SE Eurostock 200	1158.46	1153.31	1161.65	1156.54	1157.61	1184.84	1200.06	936.82	1200.06	93.62				
											(4/2/92)	(1/6/1/91)	(4/2/55)	
©Corp Div. Yld.	4.68	4.69	4.84	4.66	4.57	4.80	5.00	5.00	5.00	11.4	Bank 100 Corp. Last 12 Mths. Euro Fed Int. 12 Mths. Delivery			
©Savings Yld. (4%)	6.78	6.77	6.89	6.80	6.63	6.89	7.05	6.96	7.05	6.96	1/25% Euro Last 12 Mths. Bank 100 Fed Int. 12 Mths. Delivery			
©Yld. Rate (4%)	15.57	15.57	15.79	15.28	15.17	14.18	14.18	14.18	14.18	14.18	FT-SE Eurostock 200 30/9/92 © Nil 11/4			
©EACB Gearing 5.00pm	20.239	26.493	26.610	26.429	27.880	56.978					GILT EDGED			
©Yield Turnover (Ind)	-	1.127.5	1.130.8	1.054.4	1.054.4	1.054.4					Indices ^b Mar 27 Mar 28			
©Equity Benchmark	-	31.393	30.741	30.741	32.744	55.918					Gilt-Edged			
©Shares Traded (mil.)	-	497.7	499.4	404.3	479.3	601.9					Bargains 73.5 130.0			
Ordinary Share Index, Hourly changes	Day's High 1915.1										Day's Low 1905.3			
Open 1905.3	9 am 1915.3	10 am 1915.3	11 am 1915.6	12 pm 1910.0	1 pm 1908.7	2 pm 1908.0	3 pm 1912.1	4 pm 1915.3						
FT-SE 100, Hourly changes	Day's High 2453.5										Day's Low 2436.8			
Open 2439.9	9 am 2443.5	10 am 2446.5	11 am 2450.4	12 pm 2448.7	1 pm 2448.1	2 pm 2445.5	3 pm 2450.8	4 pm 2453.5						
FT-SE Eurostock 200, Hourly changes	Day's High 1158.46										Day's Low 1151.43			
Open 1158.46	9 am 1158.46	10 am 1158.46	11 am 1158.46	12 pm 1158.46	1 pm 1158.46	2 pm 1158.46	3 pm 1158.46	4 pm 1158.46						
London report and latest Share index	Tel 0691 12000. Cables charged at 30p minimum cheap rate, 40p/minute at 11.00pm													

100-34577-1

34	78	443	271
19	12.1	-	-
12	1.2	-	-
36	-	104.3	137
28	-	-	-
28	4.7	81.0	221
17	3.0	-	-
22	4.2	4.2	291
6	-	-	-
54	1.0	77.4	168
21	141.1	-	-
1	1.0	-	-
75	232.1	5.8	233.1
2.8	2.8	4.8	31
1	-	115.3	78
24	1.6	-	-
24	1.6	157.7	112
77	53.8	0.8	74.3
24	24	1.4	232.2
24	151	1.7	277.8
77	83.7	0.8	73.9
2	22	17.8	32
1	1.4	6.7	140
108	4.4	-	-
31	187	4.9	270.8
141	147.1	2.8	228.8
1	1	1.7	332.8
124	2.5	18.4	102
29	1.5	4.5	23
83	83.8	0.8	167.3
80	80	3.3	110.1
38	38	0.8	52.8
125	125	2.5	205.7
64	64	1.2	105.8
42	42	2.7	72.9
5	5	28.1	-
56	56	-	-
72	9	-	-
151	151	0.8	168.2
84	84	4.4	123.9
22	22	18.8	28.3
60	60	18.8	28.2
32	32	8.4	61.1
24	24	1.5	95.5
70	70	1.5	95.5
100	100	-	-
70	70	-	-
100	100	-	-
55	55	-	-
55	55	-	-
41	41	-	-
20	20	-	-
83	83	-	-
108	108	-	-
108	108	-	-

Stepped P1	N	134 1/2	-1/2	133 1/2
German law	a	72	+1	82

77	190	8.8	203.5	146
78	193	-	-	-
79	37	11.1	39.3	15
80	126	2.3	225.6	118
81	128	6.7	169.2	172
82	131	4.8	217.8	155
83	50	2.4	118.7	71
84	229	2.4	357.6	18.6
85	35	-	-	-
86	35	5	61.6	70.8
87	10	24.2	49	10
88	25	1.9	38.4	29.1
89	96	1.8	153.2	27.9
90	37	7.3	92	-3.1
91	37	-	-	-
92	104	1.1	184.6	11.1
93	112	-	32.1	38.1
94	5	-	-	-
95	-	-	-	-
96	-	-	-	-
97	-	-	-	-
98	-	-	-	-
99	-	-	-	-
100	-	-	-	-
101	76	12.8	78.2	3.4
102	130.5	-	-	-
103	85	2.4	91.8	15.0
104	100	1.6	100.0	10.0
105	25	1.6	61.1	40.3
106	31.5	-	-	-
107	88.5	2.8	103.7	3.0
108	102	5.3	122.2	26.5

JOVE INC.	50	+1	73
Cap.	16	+1	28

207	17		
128	48	407.8	10.7
136	48	1750	25.0
245	49	321.8	19.1
102	57	11.5	70-23.5
124	57	27	191.2
124	57	18.1	5.4
203	63	8.6	306.1
268	14	367.6	17.8
76	42	1082	14.1
151	42	114.8	12.9
325	5.2	421.9	-6.7
31	33	108.7	16.1
37	37	5.1	15.1
34	-	-	-4.2
57	-	-	-
57	-	65.8	43.6
55	8.5	80.2	15.1
174	42	230.0	21.1
53	6.8	198.5	6.3
378	23.1	-	-
174	-	2130.0	30.0
124	-	-	-
75.8	-	-	-48.0
52	7.1	85.7	-6.7
52	12.8	56.0	-5.8
170	18.2	-	-
248	-	412.2	38.6
85	-	345.3	17.6
85	-	48	108.0
6	7.2	82.7	18.5
154	-	15.4	-

Warrens	20	33
Marl Currie Pac	281	297
Missouri	282	282

530	5	8.5	473.1	13.3
85	6	7.2	143.3	42.9
164	6	8.3	205.9	48
36	5.8	9.7	22.1	
121	13.5			
126	13.5	10.5	47.3	
226	3.1	238.6	17.0	
188	2.7	307.5	15.3	
268	6.4	109.8	-0.8	
100	6.2	102.1	-2.8	
65	10.1			
83		92.1	6.5	
29	18.9			
46		124.1	27.5	
547	8.6	255.1	7.5	
193				
178	8.4	259.8	8.7	
172				
101	9.0	286.6	11.2	
173				
100	14.8			
167	7.0	112.3	36.8	
2268				
193				
178	6.5	302.3	28.9	
<hr/>				
652	8.8	75.4	21.6	
49	2.2			
11	6.4	50.3		
50	11.5			
18		116.9	66.4	
93				
83				

Warrant	14	11	20
1st Bell Can	14	11	20

153	18.8	50.0	-11.7
156	18.8	50.0	-11.7
162	15	5	27.18
170	16.5	16.5	
173	6.5	24.4	4.4
175	6.5	24.4	4.4
182	21	39	30.5
185	21	39	30.5
191	7	1.3	10.0
194	34	67.4	11.0
195	34	67.4	11.0
197	4.1	18.0	20.2
200	4.1	18.0	20.2
201	2.8	12.5	3.4
202	2.8	12.5	3.4
203	4.1	18.0	20.2
204	4.1	18.0	20.2
205	16.1	35.4	16.1
206	16.1	35.4	16.1
207	17	36.4	38.2
208	5	5	
209	11.8	82.0	4.7
210	11.8	82.0	4.7
211	11.4		
212		25.1	34.8
213	12.1		
214		114.9	44.3
215	38		
216	33	104.0	16.1
217	105	80	
218	72.5		
219	5	94.0	64.8
220	5		
221	4.8	228.7	25
222	14.7		
223		148.5	55.1
224	21		
225		95.4	22.6
226	8.4	215.3	26.5
227	126		
228	126		
229	18.0		
230			
231	8.1	131.7	17.0
232	8.1	131.7	17.0
233	5.4	82.5	19.1
234	5.4	82.5	19.1
235	8.1	131.7	17.0
236	8.1	131.7	17.0
237	8.1	112.2	24.1
238	8.1	112.2	24.1
239	8.1	174.3	18.5
240	8.1	174.3	18.5

STANT BANK

كانت امة للعدل

London Share Prices

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36¢/minute cheap rate and 48¢/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128

Continued on next page

BERMUDA (STB RECOGNISED)

DM Accum	36,873
DM Dist	36,873
DFI Accum	28,735
DFI Dist	28,735

CANADA (SEE RECOGNISED)

GUERNSEY (SIB RECOGNISED)

For Grofund fine layers see AIB Grofund 1m

Japan Ford	5	516.64	16.64	17.69
Japan Seater Cab	5	517.05	17.05	18.13
Japan & Pacific	5	575.69	75.69	80.47

Lazard Fund Mgrs (Channel Islands)
PO Box 275, St. Peter Port, Guernsey, C.I. 045

0078: WGS	150.82
0078: Live	95.111
0078: WGS	35.536
0078: SS	81.823

Sept 11 - 1875

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128

[illegible]

FOREIGN EXCHANGES

Dollar recoups Friday's losses

THE DOLLAR edged a little higher in London yesterday, recouping some of Friday's losses, ahead of a welter of economic statistics due out this week.

It crept up to a close of DM1.6500 from a DM1.6430/40 start and a DM1.6400/10 New York finish on Friday. It firmed on the yen to Y133.45 from Y133.95/133.05 and Y133.00/07.

Traders said the buying interest was enough, in a thin market, to overcome the negative impact of poorer than expected data on new home sales in the US. Sales dropped 2.7 per cent in February after economists had predicted a rise of 2.1 per cent. Meanwhile January home sales were revised down to an 11.1 per cent monthly rise from a provisional 12.9 per cent.

However, analysts pointed out that that positive revisions to past numbers meant the actual level of sales, at an annual 613,000 units, was fairly consistent with forecasts. Furthermore, many still expect the rest of the week's data to provide evidence that the US economy is picking up and hence to favour the dollar.

In late Asian trading the dollar had been a shade lower

against the yen but slightly firmer against the D-mark.

In New York yesterday it opened 1/4 pips higher at DM1.6480/85 from Friday's weak close of DM1.6400/10. Dealers said there was some interest in the French franc amid intense speculation that Mrs Edith Cresson, the prime minister was on the verge of stepping down. Since the ruling socialist party's bad showing in recent local elections, rumours of her resignation have stalked the markets. The French franc hovered around last week's seven month high of around DM3.39. It closed at DM3.3806/08.

The uncertainty left the currency markets unfringed. Dealers said the markets were counting on Mr Pierre Bérégovoy, the finance minister, and his tight economic strategy to weather the storm.

The pound remained mixed

in political uncertainty after weekend opinion polls failed to give either of the two main political parties a clear lead.

By midday the pound was stuck at DM2.8559/76 after a DM2.8548/81 start. It closed at DM2.8570. It fell against the dollar to £1.7315 from a previous £1.7330.

"The prospect of a minority or coalition government is hardly one that endears itself to investors who value stability above all else," said one sterling trader.

Continued strength in German interest rates underpinned the D-mark which ended slightly firmer against most key currencies. Dealers said German rates would remain high as backed by comments from Mr Helmut Schlesinger who told German television that the central bank would maintain current monetary policies.

EMS EUROPEAN CURRENCY UNIT RATES

Currency	Unit	Rate	% Change	% Spread	Difference
Spanish Peseta	100	133.45	-0.34	6.12	58
Belgian Franc	100	20.36	-0.08	3.48	38
Italian Lira	1,000	2,366.00	-0.08	1.57	37
French Franc	100	6.55	-0.07	1.54	31
Irish Punt	100	7.88	-0.07	1.54	31
Portuguese Escudo	100	200.48	-0.07	1.54	31
Swedish Krona	100	13.76	-0.07	1.54	31
Yen	100	133.45	-0.07	1.54	31

For central rates set by the European Commission. Centimes are in descending order of strength. Percentage changes are for 1992. A positive change denotes a weak currency. Difference shows the rate between the two currencies. The percentage difference between the actual and the central rate for a currency, and the maximum permitted percentage deviation of the currency's market rate from the central rate.

Approximate calculation by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Month	Day's spread	One month	Three months	Six months	One year
US	1.7300-1.7310	1.7310-1.7320	1.7320-1.7330	1.7330-1.7340	1.7340-1.7350
Canada	2.0990-2.1000	2.0990-2.1000	2.0990-2.1000	2.0990-2.1000	2.0990-2.1000
Germany	2.8550-2.8560	2.8550-2.8560	2.8550-2.8560	2.8550-2.8560	2.8550-2.8560
France	6.5500-6.5510	6.5500-6.5510	6.5500-6.5510	6.5500-6.5510	6.5500-6.5510
Italy	23.6600-23.6610	23.6600-23.6610	23.6600-23.6610	23.6600-23.6610	23.6600-23.6610
Japan	133.4500-133.4510	133.4500-133.4510	133.4500-133.4510	133.4500-133.4510	133.4500-133.4510
Yen	133.4500-133.4510	133.4500-133.4510	133.4500-133.4510	133.4500-133.4510	133.4500-133.4510

Estimated volume 12,000. Previous day's open: 114.10 (104).

12% NATIONAL TREASURY BOND (MATURITY 1/1/95)

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FINANCIAL FUTURES AND OPTIONS

LIVE LONG GILT FUTURES OPTIONS

Strike	Call	Put	Settlement
92.00	0.02	0.02	0.02
92.10	0.02	0.02	0.02
92.20	0.02	0.02	0.02
92.30	0.02	0.02	0.02
92.40	0.02	0.02	0.02
92.50	0.02	0.02	0.02
92.60	0.02	0.02	0.02
92.70	0.02	0.02	0.02
92.80	0.02	0.02	0.02
92.90	0.02	0.02	0.02
93.00	0.02	0.02	0.02

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LIVE LONG GILT FUTURES OPTIONS

Strike Price	Call-settlements		Put-settlements	
	Jun	Sep	Jun	Sep
95	+18	3-62	0-18	1-06
96	2-20	3-26	0-28	1-28
97	2-34	2-47	0-42	1-35
98	1-56	2-14	1-00	2-22
99	1-26	1-49	1-38	2-57
100	0-56	1-25	2-60	3-35
101	0-36	1-05	2-43	4-13
102	0-22	0-52	3-30	4-60
calculated volume total, Calls 407 Puts 311				

CANADA

NADA									
Sales	Stock	High	Low	Close	Chng	Sales	Stock	High	Low
300 Lucent G	28	6	6			164700 Ry/Norfolk	981	8	8
3800 Linco Int	25	9	9			3000 RayCen A	511	11	11
14000 Lucent G	512	18	18			8000 Squire R	91	91	91
37000 Maclean	351	6	6	-1		1900 Spangor	519	181	181
12300 Macm B	118	18	18	-1		3200 South Hst	561	14	14
49700 Macm B	329	29	29			22400 Spangor C	512	153	153
50000 Macm B	17	17				3000 Spangor D	512	153	153
51000 Macm B	521	21	21			3000 Spangor E	544	44	44
900 Mark Res	600	500	500			3000 Spangor F	512	153	153
9000 Mark Res	800	20	20			3000 Spangor G	512	153	153
40000 Minnott	512	12	12			3000 Spangor H	512	153	153
5500 Minnott	517	17	17			3000 Spangor I	512	153	153
26200 Mital Corp	147	147	147			3000 Spangor J	512	153	153
12000 Mital Corp	427	24	24			3000 Spangor K	512	153	153
16400 Mital Corp	342	24	24			3000 Spangor L	512	153	153
10000 Mital Corp	51	51	51			3000 Spangor M	512	153	153
10000 Mital Corp	51	51	51			3000 Spangor N	512	153	153
21700 Nt B Co	510	10	10			3000 Spangor O	512	153	153
2600 Nt B Co	56	6	6			3000 Spangor P	512	153	153
2600 Nt B Co	56	6	6			3000 Spangor Q	512	153	153
2600 Nt B Co	56	6	6			3000 Spangor R	512	153	153
2600 Nt B Co	56	6	6			3000 Spangor S	512	153	153
2600 Nt B Co	56	6	6			3000 Spangor T	512	153	153
2600 Nt B Co	56	6	6			3000 Spangor U	512	153	153
2600 Nt B Co	56	6	6			3000 Spangor V	512	153	153
2600 Nt B Co	56	6	6			3000 Spangor W	512	153	153
2600 Nt B Co	56	6	6			3000 Spangor X	512	153	153
2600 Nt B Co	56	6	6			3000 Spangor Y	512	153	153
2600 Nt B Co	56	6	6			3000 Spangor Z	512	153	153
2600 Nt B Co	56	6	6			3000 Spangor AA	512	153	153
2600 Nt B Co	56	6	6			3000 Spangor AB	512	153	153
2600 Nt B Co	56	6	6			3000 Spangor AC	512	153	153
2600 Nt B Co	56	6	6			3000 Spangor AD	512	153	153
2600 Nt B Co	56	6	6			3000 Spangor AE	512	153	153
2600 Nt B Co	56	6	6			3000 Spangor AF	512	153	153
2600 Nt B Co	56	6	6			3000 Spangor AG	512	153	153
2600 Nt B Co	56	6	6			3000 Spangor AH	512	153	153
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(Excuse us for asking)

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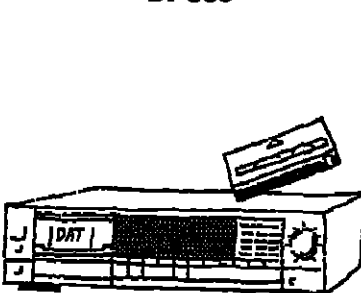
FINANCIAL TIMES
EUROPE'S BUSINESS INFORMATION

2:00 pm prices March 30

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

[illegible]

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Continued on next page

NASDAQ NATIONAL MARKET

Stock	Div.	Yld.	P/E	High	Low	Last	Chng	Stock	Div.	Yld.	P/E	High	Low	Last	Chng	Stock	Div.	Yld.	P/E	High	Low	Last	Chng
Adco Inc.	0.44	22	309	265	265	265	1/2	Adco	45	61	8	75	81	75	81	LIDS A	20	798	20	29	30	30	30
Adco Corp.	0.18	20	309	265	265	265	1/2	Adco	31	184	4	81	81	81	81	LIDS B	49	171	49	65	65	65	65
Adco Corp.	0.18	20	309	265	265	265	1/2	Adco	22	225	22	225	225	225	225	LIDS C	18	183	18	183	183	183	183
Adco Corp.	0.18	20	309	265	265	265	1/2	Adco	22	225	22	225	225	225	225	LIDS D	0.88	225	0.88	225	225	225	225
Adco Corp.	0.18	20	309	265	265	265	1/2	Adco	22	225	22	225	225	225	225	LIDS E	1.17	317	1.17	317	317	317	317
Adco Corp.	0.18	20	309	265	265	265	1/2	Adco	22	225	22	225	225	225	225	LIDS F	1.72	471	1.72	471	471	471	471
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Adco Corp.	0.18	20	309	265	265	265	1/2	Adco	22	225	22	225	225	225	225	LIDS H	20	20	20	20	20	20	20
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2:00 pm prices March 30

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES
(LONDON) 22/10/1955

AMERICA

Dow restricted to modest rise in dull trade

Wall Street

UNCERTAINTY about the economy and corporate earnings continued to plague US stock markets yesterday morning, and by mid-session share prices had managed only modest gains in listless trading, writes Patrick Harverson in New York.

By midday the Dow Jones Industrial Average was up 8.95 at 3,540.38, having spent the entire morning session just a few points higher than Friday's close. The more broadly based Standard & Poor's 500 was also slightly firmer at mid-session, up 0.16 at 403.65, while the Nasdaq composite index of over-the-counter stocks edged 0.36 higher to 605.13. Turnover on the NYSE was modest at 63m shares.

The market continues to search for a new direction, but the lack of convincing news that the economy was on the mend and that corporate profits were rebounding kept investors on the sidelines. The only economic data released yesterday was disappointing - a 2.7 per cent fall in new single-family home sales during February. The market had expected a rise in home sales, and the decline reversed the recent pattern which appeared to show a decent recovery in the US housing market.

Among individual stocks, Chrysler rose 3/4 to \$17.17 in active trading after Prudential Securities, the brokerage house, upgraded its rating on the carmaker's stock from a "hold" to a "buy". The other big motor stocks were also firmer, with General Motors up 3/4 at \$37 and Ford 3/4 higher at \$38.75.

Bank stocks were weaker, especially those leading issues still troubled by reports of financial problems at Olympia & York, the property developer which last week admitted that it faced a serious cash-flow problem because of its billion-dollar debt burden. Among the

biggest losers were two banks with reportedly some of the biggest exposure to O & Y: Chemical, down 1 1/4 at \$33 1/4, and Citibank, 3/4 lower at \$17. Boeing rose 3/4 to \$44 on news of an order for 15 twin-jet 757s from USAir, which should be worth about \$900m to the aircraft manufacturer.

Varian Associates dropped 3/4 to \$39 1/4, as the market digested the news late on Friday that the company had failed to reach an agreement on the sale of its Vacuum unit. Helene Curtis rose 3/4 to \$37 in the wake of a big improvement in the healthcare and beauty products group's fourth quarter profits, which rose from 28 cents a share a year ago to 69 cents in the final quarter of 1991.

On the over-the-counter market, Intel fell 1/4 to \$54 1/4, and on the NYSE Advanced Micro Devices lost 3/4 at \$17 after the two stocks were downgraded by PaineWebber semiconductor analyst, Mr. John Luzzo, because of the threat of competition from a chip produced by Cyrix.

Canada

TORONTO stocks were lower at midday. The TSE 300 composite index fell 7.75 to 3,408.00, with the biggest fall coming in the financial services index which dropped 32.25 to 2,654.32. Volume stood at 14.5m shares at midday.

Among the most active stocks, Nova Corp was steady at C\$91, while Canadian Imperial Bank and Royal Bank both fell C\$1, to C\$29 1/4 and C\$23 1/4, respectively.

SOUTH AFRICA

GOLD shares were firmer, while industrials held steady on "window dressing" by unit trusts ahead of the first quarter's close. The gold index rose 14 to 1,132 but the overall index fell 13 to 3,542. Industrials moved up 2 to 4,457.

EUROPE

Allianz and Dresdner fall on cartel office decision

BOURSES reacted to domestic influences yesterday, writes Our Markets Staff.

FRANKFURT recovered after dipping to a five-week low on news that the cartel office had ordered Allianz to cut its stake in Dresdner Bank. The insurance group ended it had a 47 per cent holding in the bank, putting the stake at 22 per cent. Allianz immediately dropped DM120, closing down DM121 or 5.3 per cent at DM2,154, ex-rights. Dresdner fell DM5.70 to DM349.50.

The DAX index fell to 1,700.34 at the start but then closed just 1.14 lower at 1,710.31. The FAZ index, calculated at mid-session, eased 0.34 to 695.85. Turnover rose to DM4.5bn from DM4.1bn.

The market welcomed Mr Ferdinand Piech's appointment as Volkswagen's chief executive, although the shares initially lost DM2.50 on news of lower parent net profit, but then closed DM5 higher at DM356. Daimler advanced DM1.50 to DM755.80 and Porsche shed DM3 to DM552.

Veba's announcement that

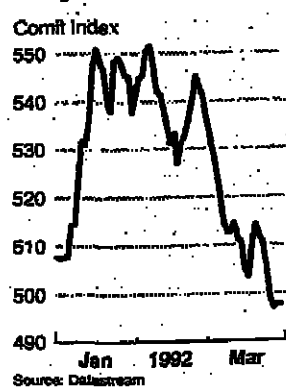
1992 earnings would remain static sent the shares down DM2.70 but they recovered to close unchanged at DM381.30.

PARIS accelerated towards the close on speculation that Prime Minister Edith Cresson was about to be replaced in a government reshuffle. Firmer bonds and activity linked to futures expiry also boosted share prices. The CAC 40 index ended up 1.05 per cent at 20,211 at 1,943.75.

Trading in Perrier resumed after being suspended on March 20, and accounted for FF1.5bn of the total turnover of FF7.3bn. The stock jumped FF154 or 9.9 per cent to FF1,700. Nestlé's new bid for all the shares in the mineral water company, as shareholders sold into the market rather than waiting to sell directly to Nestlé. Dealers said Cheuvreux was on the bid all day, suggesting that it was snapping up Perrier shares for Nestlé.

Eurotunnel fell FF3.10 or 7.2 per cent to FF40.20 after Eurotunnel said it had been ordered to pay an additional FF750m per month to TML, the tunnel

Italy



building consortium, from April 30.

Saint-Gobain rose FF22 or 4.1 per cent to FF563 after a positive analysts' meeting in Paris, which was likely to result in a general upgrading of 1993 earnings forecasts. The company is due to hold an analysts' meeting in London tomorrow.

Hachette dropped FF6.70 or 4.1 per cent to FF158.30 after it said it would take a FF1.5bn net charge because of losses

FT-SE Eurotrack 100 - Mar 30									
Hourly changes									
Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close		
1136.64	1137.34	1140.36	1141.49	1142.50	1143.46	1144.83	1145.80		
Day's High				1145.91	Day's Low				1136.64
Mar 27		Mar 28		Mar 29		Mar 30		Mar 23	
1140.84		1146.25		1144.53		1142.88		1142.05	

Base value 1000 (20/10/90)

linked to the troubled television station, La Cinq.

MILAN plunged a new low for the year in minimal trading. Open outcry trading was over by 12.25pm and only legal requirement kept screen-based trading ticking over until its closing time. Dealers expected trading to remain subdued until the general election at the weekend. The Comit index fell 1.25 to 456.49, its lowest close since December 27 last year, in turnover estimated at not more than L70bn after Friday's L76.8bn.

The merchant bank Euromobiliare dropped L350 or 8 per cent to L4,000 in thin volume after reporting a consolidated loss of L976m last Friday.

There was some interest in

telecoms, in anticipation of good results from Sip. Sip rose L10 to L1,400 in decent volume of 4.1m shares before announcing that it expected net earnings to rise 19.5 per cent to L480bn in 1991. Benetton, which announced a 24 per cent rise in 1991 earnings last Friday, rose L60 to L13,240.

ZURICH concentrated on the chemicals sector. The SMI index rose 0.5 to 1,882. Roche remained firm ahead of its results which are now expected at the end of the week. Its certificates closed up SF220 at SF3,090 while bearers gained SF770 to SF4,380. Although there is general agreement that profits will be good analysts are divided about the company's prospects in 1992.

AMSTERDAM was barely changed with some activity noted in cyclical stocks. The CBS Tendency Index closed down 0.1 at 124.6 in turnover of F1 321.6m. Daf fell another F1 1.20 to F121.20 while ABN Amro, which is to offer ADRs, gained 10 cents to F145.50.

BRUSSELS was lifted from the day's lows by the retailer Delhaize, which closed up BF210 or 2.3 per cent at BF9,360 after Friday's announcement of an unexpected five-for-one stock split. The Bel20 index rose 0.79 to 1,187.65, in turnover of BF1.3bn.

MADRID declined with the

general index closing 0.6 lower at 256.11.

STOCKHOLM was depressed by falls in the US on Friday. The Affarsvärlden General Index fell 4.50 to 1,002.40 in turnover of SKr305m after SKr452m.

COPENHAGEN saw Haffnia

Holding B lose DKr3 to DKr257

after announcing that it had

dropped a bid for its domestic

rival, Bafica. The CSE index

slipped 0.38 to 330.74.

ASIA PACIFIC

Nikkei scores marginal gain on hopes of rate cut

Tokyo

THE NIKKEI average scored a marginal gain in low volume, as investors remained sidelined ahead of today's announcement of the government's package to stimulate the economy, which is expected to include a cut in the official discount rate, writes Emilio Tera-zono in Tokyo.

The 225-issue average ended 32.32 up at 19,689.31. The index set a day's low of 19,445.91 on light selling, but rose to the day's high of 19,807.31 late in the afternoon on index buying.

Volume eased to 170m shares from 180m, remaining below the 200m level for three consecutive trading days. Overall declines were just ahead of rises by 475 to 454, with 190 issues unchanged. The Topix index of all first section stocks put on 2.02 to 1,430.15, and in London the ISE/Nikkei 50

index edged up 0.93 to 1,121.29.

Market participants remained inactive, expecting some volatility today, the last session of the fiscal year. A reduction in the discount rate by the Bank of Japan is also thought likely for today, along with the government's economic measures.

Traders said investors were now focused on the size of the interest rate cut. Mr Chris Newton at James Capel said a 50 basis points cut, the market consensus, has already been discounted in share prices, and could prompt disappointed investors to sell. On the other hand, a 75 basis points reduction could give some strength to the market.

A decline in short-term money market rates encouraged hopes of an imminent cut. The unsecured overnight call rate, which is heavily influenced by the Bank of Japan's money market operations, fell

below 5 per cent for the first time since early 1989.

The Nikkei remained volatile due to trading in low-liquidity component stocks in the index. Some traders with short positions on the Nikkei futures were seen trying to pull the index down by selling these issues. Daito Woolen Spinning and Weaving dropped Y79 to Y981 and Shimura Kako lost Y40 to Y740.

Speculative issues, sold off heavily last week on rumours of financial difficulties at a non-bank financial institution, rallied on bargain hunting by short-term traders. Minebea, the most active issue of the day, rose Y24 to Y489, while Nippon Carbon added Y100 to Y1,200.

Blue chips, depressed by selling for book-closing purposes last week, also gained ground on light bargain hunting. Fujitsu improved Y10 to Y874 and Nippon Steel Y5 to Y320.

In Osaka, the OSE average slipped 107.14 to 21,161.89 in volume of 248.9m shares. Cross-trading by companies trying to realise profits ahead of the fiscal year-end pushed up activity. However, investors remained wary due to the lack of news.

Roundup

WEAKNESS on Wall Street on Friday and only a small improvement for Tokyo depressed the Pacific Rim yesterday. Taiwan was closed for a holiday.

HONG KONG retreated in active trading as investors took profits following last week's blue-chip earnings reports. The Hang Seng index shed 29.31 to 4,978.37 in turnover of Won310.4bn, after Saturday's half-day Won266.4bn.

SINGAPORE fell sharply in thin trading. The Straits Times Industrial index closed 13.02

down at 1,425.74 in turnover of S\$860m, down from S\$90.2m.

KUALA LUMPUR extended last week's losses and sentiment was depressed by speculation that bank reserve requirements will be raised. The composite index finished 5.02 weaker at 597.69 in volume of 32.5m shares, after 42.3m.

Taiwan, the motor group, fell 22 cents to M\$3.20 after reporting lower 1991 earnings.

AUSTRALIA saw quiet trade and the All Ordinaries index dipped 3 points to 1,573.4 in turnover of A\$125.5m.

Santos, the oil and gas group, eased 2 cents to A\$2.59 on reporting a net loss of A\$110.9m. News Corp fell 24 cents to A\$17.54.

NEW ZEALAND's NZSE-40 index shed 5.03 to 1,407.80 in estimated turnover of NZ\$14m.

BOMBAY soared on heavy buying, the BSE index hitting a record 4,189.53 before closing at 4,091.43, up 300.25.

Gloomy skies broken by sun over Mexico

MARKETS IN PERSPECTIVE									
% change in local currency									
	1 Week	4 Weeks	1 Year	Start of 1992	Start of 1992	Start of 1992	Start of 1992	Start of 1992	Start of 1992
Austria	-1.13	-3.99	-13.10	+13.44	+11.78	+3.86			
Belgium	-1.51	-1.98	-4.02	+3.34	+2.53	+4.73			
Denmark	-3.04	-5.83	-5.64	-7.13	-13.71				
Finland	-3.01	-8.58	-25.21	+8.99	+7.46	-0.17			
France	+0.15	-2.10	+6.35	+9.35	+9.36	+1.61			
Germany	-1.19	-2.10	+7.79	+8.83	+8.07	+0.42			
Ireland	-0.34	-2.13	-4.90	+1.90	+1.73	-5.48			
Italy	-3.17	-7.39	-11.40	-0.32	-0.60	-7.64			
Netherlands	-1.25	-1.10	+4.72	+6.11	+5.39	-2.08			
Norway	-1.91	+4.23	-15.29	+3.32	+2.48	-4.78			
Spain	-0.54	-3.50	-6.26	+5.14	+5.21	-2.24			
Sweden	-0.36	+6.32	-1.55	+12.52	+12.38	+4.42			
Switzerland	-0.83	-0.83	+9.93	+9.00	+6.14	-1.37			
UK	-0.39	-4.30	-1.56	-1.22	-1.22	-8.21			
EUROPE	-0.78	-3.17	+0.83	+3.37	+2.98	-4.31			
Australia	-0.38	-2.31	+8.34	-5.31	+2.57	-4.70			
Hong Kong	-0.07	+1.73	+37.66	+17.57	+27.19	+18.18			
Japan	-1.48	-7.08	-26.01	-17.07	-18.26	-22.18			
Malaysia	-0.80	-1.60	-3.84	+6.97	+21.04	+12.47			
New Zealand	-2.23	-5.64	+3.51	-7.97	+0.67	-6.47			
Singapore	-0.43	-2.88	-2.31	-4.67	-0.18	-7.25			
Canada	-1.42	-4.45	-3.25	-2.72	+1.83	-5.39			
USA	-1.83	-2.18	+8.29	-2.95	+4.44	-2.96			
Mexico	+5.99	+1.88	+129.34	+26.42	+36.04	+26.40			
South Africa	-0.36	-1.33	+26.08	+3.07	-1.41	-8.40			
WORLD INDEX	-1.33	-3.98	-4.72	-5.28	-1.94	-3.89			

1 Based on March 27th 1992. Copyright: The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities

By John Pitt

Sentiment was depressed last week in most of the markets covered in the FT-Actuaries World Indices, with Mexico the sole bright spot.

The cheerless mood was again emphasised on Friday as the Nikkei average sank to its lowest close for five years and there was talk on Wall Street that some institutions were switching out of equities and into bonds. The world index fell 1.3 per cent on the week.

European houses failed to shake off the gloom, with Italy particularly under a cloud. Poor banking results, fears of a devaluation of the lira and a decline in fiscal revenues drove the market down. On Thursday the Comit index set a new closing low for the year, and throughout the week turnover remained underwhelming.

One analyst described the Italian market as "totally lethargic", with the general election to be held on April 5 adding to the uncertainty. Scandinavia caught the

chill, as an absence of foreign interest was clearly felt. Finland and Denmark were the worst hit.

Mr Peter Bradshaw, Scandinavian analyst at Robert Fleming, said Finland had been affected by three factors: the raising of stamp duty on share dealings, expected in July; an increase in interest rates; and the downgrading of debt of the country's three main banks by Moody's, the US credit rating agency. He added that the losses of Pohjola, the insurance group, were worse than expected.

A slide in shipping rates and weakness in the oil market also weighed on Scandinavian markets. Denmark was further undermined by political instability which emerged last week.

Mexico's positive tone continued - in spite of a correction on Friday - as sentiment remained strong ahead of the share offering by Celme. Analysts report that the sound macro-economic outlook and high demand by foreign institutions for Mexican paper were driving equities higher.



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First Interstate Bank is a leader in interbank check clearing activities, ranking fourth in the U.S. in item processing.

But most important, First Interstate is a bank dedicated to recognizing your financial needs and offering you creative solutions based on a solid foundation of proven financial concepts. Because our primary goal is to be part of the team that will help you prosper.

So, when you ask the question: Where can I find a bank that can provide the kind of correspondent banking and trade finance products and services that will do the most for me - the answer is fundamental. First Interstate Bank.

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